ASSET ALLOCATION SURVEY 66

THE RUPEE'S GREAT FALL 50

THE HEAVY COST OF CLIMATE CHANGE 38

business today

for managing tomorrow

www.businesstoday.in

July 21, 2013 ₹40

EADY OR ATTLE

ER ATTACK AT HOME, O'S PAWAN MUNJAL KS NEW FIGHTS ABROAD

E DY EA IN INA 92

AHMEDABAD, LUXURY TIME - 079 2646 9797 • **BENGALURU**, ETHOS SUMMIT ROLEX BOUTIQUE - 080 2211 3976 • **CHANDIGARH**, TALWAR JEWELLERY HOUSE - 017 2270 5151 • **CHENNAI**, THE HELVETICA ROLEX BOUTIQUE - 072 9991 1158 • **CHENNAI**, THE HELVETICA - 044 2846 4096 • **COCHIN**, SWISS WATCH BOUTIQUE PRIVATE LIMITED - 91420 91420 • **COIMBATORE**, ZIMSON - 042 2437 1234 • **GURGAON**, KAPOOR WATCH CO. - 012 4466 5500 • **HYDERABAD**, MEENA JEWELLERS - 040 6746 7760 • **KOLKATA**, EXCLUSIVE LINES ROLEX BOUTIQUE - 033 2282 5245 • **KOLKATA**, EXCLUSIVE LINES - 033 2290 4116 • **PUNE**, CT PUNDOLE & SONS - 091 7350 003250 & 020 2634 3685 • **MUMBAI**, DIA - 022 2204 2299 • **MUMBAI**, MARCKS & CO. ROLEX BOUTIQUE - 022 2267 6412 • **MUMBAI**, SWISS PARADISE ROLEX BOUTIQUE - 022 2833 9991 • **MUMBAI**, TIME AVENUE - 022 2651 5757 • **MUMBAI**, TIME WATCH MAKERS ROLEX BOUTIQUE - 022 2412 1411 • **NEW DELHI**, COOKE & KELVEY - 011 2331 4095 • **NEW DELHI**, KAPOOR WATCH CO. ROLEX BOUTIQUE - 011 4676 7777 • **NEW DELHI**, KAPOOR N CO. ROLEX BOUTIQUE - 011 4699 0000 • **NEW DELHI**, KAPOOR WATCH CO. - 011 4134 5678 & 011 4653 6667 • **NEW DELHI**, ETHOS SUMMIT - 011 4058 8700 • **ROLEX WATCH CO.PVT LTD MUMBAI** - 022 6625 3600 (WITH AUTHORIZED AFTER SALES SERVICE)

CUK-H04308 - 67-P33967

P 33,967

CALCUTTA UNIVERSITY CENTRAL LIBRARY

IT'S MORE THAN A SIGN. IT'S A COMMITMENT.

THE OFFICIAL ROLEX SIGN ESTABLISHES THE AUTHENTICITY OF AN OFFICIAL ROLEX RETAILER. WITH UNMATCHED EXPERTISE, ONLY AN OFFICIAL ROLEX RETAILER OFFERS A DIVERSE SELECTION OF ROLEX WATCHES AND PROVIDES THE SERVICE NEEDED TO MAINTAIN YOUR TIMEPIECE. EVERY WATCH INCLUDES A RETAILER WARRANTY, GRANTING ACCESS TO THE RENOWNED ROLEX SERVICE NETWORK.

67

OYSTER PERPETUAL MILGAUSS

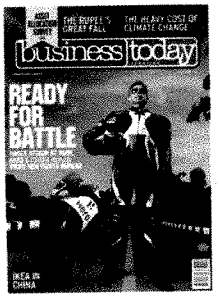
ROLEX

From the Editor

I remember sticking an aluminium one-yen coin and a copper one-US-cent coin to my computer screen in Tokyo around the mid-1990s and watching in fascination as they became equal in value, with the yen appreciating to 100 to the dollar.

It was nice for frequent travellers like me – when I paid my credit-card bill after an overseas trip, I spent fewer yen. But exporters were howling – they didn't want the Japanese economy to be the same size as America's.

Now the shoe is on the other foot in India. For every dollar you spend abroad, you need to fork out more rupees – literally every week. Put another way, the rupee has halved in value since economic reforms were launched in 1991. We are living through a very painful lesson in economics – the more spendthrift you are, and the more careless in managing your finances, the more you will be forced to pay for everything you consume. When your friendly neighbourhood shopkeeper raises the prices of everyday items just a little just so often, you stop feeling the pain. But you should be thrashing in agony. *Business Today* research shows that between May 2009, when the UPA began its second term, and April 2013, prices of milk rose 57.7 per cent; eggs by 95.5 per cent; onions by 63.6 per cent; rice by 37.5 per cent and *atta* by 34.14 per cent. Now, just to prove that economics is a dismal science, the government has sharply raised the price of natural gas starting April next year. This is bound to have a knock-on effect on inflation, but it will encourage more exploration, make gas production more viable for upstream companies like Reliance, GAIL and ONGC, and get Indian prices more in line with global markets – though they would still be among the lowest in Asia. Yet all this is counter-intuitive for a government facing an election. So we swung into action, and Senior Editor Anand Adhikari, aided by colleagues, writes about the rupee's plunge (page 50). We also spoke with a number of businessmen on how their balance sheets have been affected. And Special Correspondent Anilesh S. Mahajan conflates the economics and politics of the gas price hike on page 14.



Business Today goes right down to the wire in analysing news as it happens, even taking stock of Finance Minister P. Chidambaram's press conference on the day we went to press. And our reporters do not just write once a fortnight. They are hard at work every day commenting in real time on business, economic and political developments on our website, *www.businesstoday.in*. You can browse through their excellent perspectives at *http://goo.gl/j8FXg*.

Last fortnight was dominated by the cataclysmic cloudbursts and flooding in Uttarakhand. Climate change is no longer a concept to be fought over by scientists and politicians. The Pew Research Center polled 37,653 people in 39 countries in March and April and found that the majority – 54 per cent – listed climate change as a global threat, followed closely by international financial instability (52 per cent). Associate Editor Goutam Das pored through a lot of research and spoke with experts in several countries to put together a sobering report starting on page 38. Don't miss the chilling summary of what our commercial capital Mumbai alone will suffer.

Lest you should be feeling somewhat battered by all this mayhem, mortal and divine, Assistant Editor Sunny Sen and Executive Editor Suveen K. Sinha take a very good look at the fight that is being waged by Hero MotoCorp to stay on top of the two-wheeler heap in India, and to explore new frontiers in countries it has never been before. It is the second time in two years that Hero's CEO Pawan Munjal has featured on our cover. Not without reason – Hero's break-up with its bedfellow of 26 years, Japan's Honda Motor was fraught with dire consequences for the company that started by making bicycle spare parts in Amritsar in 1944. It's a racy tale, and you will find it starting on page 56.

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
www.businesstoday.in/editor

business today
http://www.businesstoday.in

Editor-in-Chief: Aroon Purie
Group Chief Executive Officer: Ashish Bagga
Group Synergy and Creative Officer: Kalli Purie

Editor: Chaitanya Kalbag
Managing Editor: Josey Puliyenthuruthel
Executive Editor: Suveen K. Sinha
Deputy Editors: Debashish Mukerji, K. Sai Srinivas, Alokesh Bhattacharyya

CORRESPONDENTS
Senior Editors: Anand Adhikari, N. Madhavan, Shamni Pande, Sanjiv Shankaran
Senior Associate Editors: Sebastian PT, Mahesh Nayak
Associate Editors: K.R. Balasubramanyam, Shweta Punj, E. Kumar Sharma, Goutam Das, Ajita Shashidhar, Suprotip Ghosh, Nandagopal Rajan
Assistant Editors: Manu Kaushik, Sunny Sen, Nidhi Singal
Special Correspondents: Taslima Khan, Anilesh Mahajan, Sarika Malhotra, Ajay Modi
Principal Correspondent: Arunima Mishra
Correspondent: Dearton Thomas Hector

COPY DESK
Senior Editors: Uma Asher, Rishi Joshi
Senior Associate Editor: Sugita Katyal
Associate Editor: Sumit Upadhyaya
Chief Copy Editors: Gadadhar Padhy, Roopali Joshi
Copy Editor: Basudha Das

PHOTO DEPARTMENT
Photo Editor: Vivan Mehra
Deputy Chief Photographer: Shekhar Ghosh
Principal Photographer: Rachit Goswami
Senior Photographers: Aditya Kapoor, Nilotpal Baruah
Photographer: Nishikant Gamre
Photo Researcher: Palak Neb

ART DEPARTMENT
Deputy Art Director: Anand Sinha
Assistant Art Directors: Anita Jaisinghani, Vanita Arora
Chief Visualiser: Santosh Kushwaha
Senior Visualisers: Vikas Gupta, N. Ravishankar Reddy
Visualiser: Sristi Bhatt

PRODUCTION DEPARTMENT
Chief of Production: Dinesh Sachdeva
Production Coordinators: Narendra Singh, Rajesh Verma
Senior Supervisor: Rajkumar Wahi
Senior DTP Designer: Mohammed Shahid

RESEARCH DEPARTMENT
Librarian: Vijaylakshmi Vardan
Assistant Librarian: Satbir Singh
Senior Research Associates: Jyotindra Dubey, Niti Kiran

Group Business Head: Manoj Sharma
Associate Publisher (Impact): Anil Fernandes

IMPACT TEAM
Senior General Managers: Kaustav Chatterjee (East), Jitendra Lad (West), Head (North): Subhashis Roy
General Manager: Shailender Nehru (Bangalore)
Deputy General Manager: Velu Balasubramaniam (Chennai)

Marketing: Vipul Hoon, General Manager; Intekhab Aslam, Brand Manager

Head-Consumer Services: Poonam Sangha, Senior General Manager

Newsstand Sales: D.V.S. Rama Rao, Chief General Manager; Vinod Das, Senior General Manager (National); Manish Shrivastava, Senior Manager (North); Joydeep Roy, Senior Manager (East); Rajesh Menon, General Manager (West); Deepak Bhatt, General Manager (South); Rakesh Sharma, General Manager (Operations)

Vol. 22, No. 15, for the fortnight July 8-21, 2013.
Released on July 8, 2013.

● Editorial Office: India Today Mediaplex, FC-8, Sector 16A, Film City, Noida-201301; Tel.: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel.: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel.: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel.: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel.: 033-22825398, 033-22827726, 033-22827922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel.: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301. Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India, Toll free no.1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com

● Sales: General Manager Sales, Living Media India Ltd, B-45, 3rd Floor, Sector-57, Noida (U.P.) - 201301; Tel.: 0120-4019500; Fax: 0120-4019664 © 1998 Living Media India Ltd. All rights reserved throughout the world. Reproduction in any manner is prohibited. Published & Printed by Ashish Bagga on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35, Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at K-9, Connaught Circus, New Delhi-110 001.

● *Business Today* does not take responsibility for returning unsolicited publication material.

All disputes are subject to the exclusive jurisdiction of competent courts

For reprint rights and syndication enquiries, contact syndications@intoday.com or call +91-120-4078000
www.syndicationstoday.in

Now, enterprise-wide energy efficiency is at your fingertips.

StruxureWare software delivers enhanced visibility for fast, informed decision-making.

You can't manage what you can't see. To optimize business performance and conserve enterprise resources, you need an efficiency and sustainability strategy driven by powerful, intelligent software that is integrated and engineered to work together. StruxureWare™ software applications and suites from Schneider Electric™ are the answer.

The right information to the right user at the right time

Open, scalable, and easily integrated with third-party and legacy systems, StruxureWare software is a unique platform of applications and suites that gives you visibility into energy and other resource use across your organization. Control rising energy costs; meet reporting obligations; keep stakeholders informed and engaged. No matter what your challenge, you'll get customized, actionable information that eliminates departmental silos and conflict. And, when you deploy StruxureWare software within EcoStruxure™ integrated system architecture, you can realize significant savings on capital and operational expenses.

A global leader in efficiency and sustainability

Ranked 13th on the Global 100 Most Sustainable Companies, Schneider Electric has the solutions and expertise you need to maximize efficiency and minimize environmental impact. Independent analyst firm Verdantix named Schneider Electric a "Leader" in energy management software, citing a compelling market vision, robust capabilities, and best-in-class partner network that "set the bar high."

StruxureWare

Five critical ways StruxureWare software helps you, from shop floor to top floor

- **Access data instantly:** Get the information you need, when and where you need it, presented in a form that meets your requirements.
- **Share information confidently:** Provide accurate, timely information across and outside your organization.
- **Create actionable reports:** Develop critical reporting tools, empowering your enterprise to take action.
- **Make informed decisions:** Work from one, integrated, real-time version of the truth, eliminating guesswork in decision-making.
- **Operate more efficiently:** Identify ways to save energy, enabling efficiency and process improvements.

Where are you on the road to sustainability?

Find out when you download "From theory to reality: 3 steps to implementing a sustainability program." Plus, enter to win an iPad mini!

Visit www.SEreply.com Key Code 49915y

Schneider Electric

©2013 Schneider Electric. All Rights Reserved. Schneider Electric and StruxureWare are trademarks owned by Schneider Electric Industries SAS or its affiliated companies. All other trademarks are the

Aiming for the Stars

Thanks for the fine report on Star TV (*Master of His Game*, July 7). Star TV could be the game changer in sports broadcasting in India. Already it is an established entertainment channel. It can take over the broadcast of all of Indian sport. Uday Shankar seems to be a man with a vision who could transform the sports advertising market and open up new avenues for sports other than cricket.

R. Yogesh Kumar Jain, *Bangalore*

Media Creation

It is the media which is creating a great deal of hype around the untested and untried Rohan Murty, who is being projected as somebody who can resurrect Infosys by joining hands with his father (*The New Infoscion*, July 7) N. R. Narayana Murthy himself was partly a creation of the media, which is forever on the look out for poster boys. Much hype was built around Infosys too, while a company like TCS consistently stayed ahead without any fuss or adulation. The IT sector's performance, or for that matter Infosys's, has never been all that extraordinary. If there is no focus on product development, IT in India will die a slow death.

G.S. Rao, *Bangalore*

Lacking Humility

The story of the rise and fall of Phaneesh Murthy (*Fatal Attractions*, June 23) shows that somewhere along the line, Infosys has forgotten to teach its employees the basic values of humility, respect for the customer and human beings in general and the capacity to appreciate contrarian views. Looks like N. R. Narayana Murthy may have to look into this aspect seriously if the company hopes to make a comeback.

Chandra S. Gangadharan, *Bangalore*

Unjustified Royalty

It was a pleasure to read the report by Manu Kaushik on the transfer of funds from Indian subsidiaries to their parent companies abroad (*Royal Flush*, June 23). This is a matter of great interest, especially for minority shareholders. Some statutory regulations should be put in place to make royalty payments more transparent and justified. The cases of ACC and Ambuja Cement, which have been taken over by Holcim, are good examples of how profits are being siphoned off at the cost of minority shareholders. The role of independent directors is also highly questionable.

Madan Raajgarhia, *New Delhi*

Focus on Recycling

The article on recycling and green energy (*New Age Alchemists*, June 9) was very relevant and informative. Please focus on topics of relevance to SMEs which are challenged in terms of funds, people, technology, etc.

Arvind Adhi, *on e-mail*

Correction

The PeopleBusiness item on Varun Berry (June 23, Page 133) says he is the new Managing Director, Britannia Industries. In fact he remains Chief Operating Officer, but will now lead the company's India operations. Vinita Bali remains Managing Director, but will now focus on international and new businesses. We regret the error.

Send all your comments to editor.bt@intoday.com

www.facebook.com/BusinessToday

Rupee falls to new low. Is the RBI doing enough?
Rupee has gone down. We have got some of the best economists in our country. But they are not following what Kautilya preached. - **Saurav Singh**

PepsiCo India President Manu Anand quits
A bad decision can affect, such a long career
- **Sushant Bariyar**

Home prices inflated in India: Deepak Parekh
Well said Mr Deepak Parekh - **Dev Mali**

HOW TO CONTACT BT

WRITE TO:
The Editor, Business Today, India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301.
Email: letters.bt@intoday.com/editor.bt@intoday.com
Website: www.businesstoday.in
Unsolicited articles will not be returned or acknowledged.
Business Today reserves the right to edit letters for brevity and clarity before publication.

FOR SUBSCRIPTION ASSISTANCE WRITE TO:
Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) – 201 301
Phone: (0120) 2479900 from Delhi & Faridabad; (0120) 2479900 (Monday-Friday; 10 am-6 pm) from Rest of India; Toll free no. 1800 1800 100 (from BSNL/ MTNL lines); Fax: (0120) 4078080
E-mail: wecarebg@intoday.com

BT SCRAPBOOK
- ▷ React to articles in BT
- ▷ Suggest story ideas
- ▷ Share your experience as consumer or SME
- ▷ See what others have to say on our stories on scrapbook at www.businesstoday.in

Because retirement is when you rediscover yourself.

Retirement Planning. By HSBC.

We believe in building a relationship with you that enriches every other relationship in your life. With HSBC's retirement solutions, you can enjoy retirement by reconnecting with old friends, rather than being burdened by new worries. Our retirement solutions are tailored to suit your current lifestyle and future needs. So you can lead the life you spent working towards.

HSBC retirement solutions offer:

- Potential acceleration of your wealth growth with unit-linked insurance plans*
- Choice of coverage terms on insurance products that are suited to your needs
- Options to choose from carefully shortlisted mutual funds and Systematic Investment Plans (SIPs)*

To know more:
SMS 'RETIRE' to 575750
VISIT www.hsbc.co.in

HSBC

Issued by The Hongkong and Shanghai Banking Corporation Limited, India (HSBC). Incorporated in Hong Kong SAR with limited liability.

*Insurance is the subject matter of solicitation. HSBC (License Number: 961387) whose registered office is at 52/60, M. G. Road, Fort, Mumbai 400 001, is the Corporate Agent of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. HSBC does not underwrite the risk or act as an insurer.

*HSBC currently offers investment products from third party entities registered and regulated in India. Mutual fund investments are subject to market risks. Please read, the Scheme Information Document (SID), Statement of Additional Information (SAI), Offer document, Key Information Memorandum (KIM) and addendums, as applicable, issued from time to time, carefully before investing.

CONTENTS

COVER BY ANAND SINHA
PHOTOGRAPH BY VIVAN MEHRA

JULY/21/2013
VOLUME 22/NUMBER 15

UPFRONT

10 | Quick takes on major events

COVER STORY

56

BREAKING FREE

New markets, new partners, new technologies – Pawan Munjal has a new Hero in his sights

14 **FOCUS**

14 | **Stepping on the Gas**
Defying populist cries, the government opts for a steep hike in gas prices

20 | **Around the World**
Neeraj Kanwar drives Apollo Tyres into the league of global top 10 tyre manufacturers with the acquisition of Cooper Tire

22 | **Gilt Trip**
The jewellery industry has been hit by the government's efforts to cut the trade deficit by restricting gold imports

24 | **Split Wide Open**
The boardroom battle at YES Bank is set to drag on as the dispute shifts to the courtroom

28 | **Graphiti: PM's Pundits**

COLUMN
34 | **Alfred Gusenbauer, former Chancellor of Austria,** on how a deeper trade integration between the EU and the US would boost economic recovery

FEATURES

38

38 | An Urgent Agenda
The country must brace itself for bigger climate change disasters with severe economic implications

42

42 | Second Wind
Anil Ambani's RCom is clawing its way out of the overleveraged trap into which it had fallen

46

46 | A Rough Summer
The president's departure and underwhelming market share numbers were just two of the blows Pepsi suffered

50 | A Long Way Down
The rupee has lost half its value since 2008. And the descent does not seem to be over yet

66 | The Times They Aren't a-changing
BT-Morningstar's second survey shows most fund managers do not expect any dramatic improvement in the investment climate over the next 12 months

70

70 | Parental Control
MNCs are increasing stakes in their Indian units, which could be the first step to delisting from the bourses

74

74 | Sickly Sweet
Many sugar companies are in the red, with some seeking financial restructuring. Partial decontrol is a glass half empty

ONLINE

THE LONG HAUL
Pawan Munjal's Hero MotoCorp responds to the challenge from former partner Honda.
businesstoday.in/hero-challenges

Stuck Again
Electricity regulator sets aside the commissioning of the first unit of Anil Ambani-owned Reliance Power's Sasan plant.
businesstoday.in/cerc-sasan

PERSPECTIVE

Oversupply
There are too many engineers and too few jobs for them now, reveals **Goutam Das.**
businesstoday.in/engineer-jobs

Current Troubles
The current account deficit could worsen going forward, says **Sanjiv Shankaran.**
businesstoday.in/cad-worse

Winning Formula
Most of the ad campaigns from India which won awards at Cannes focused on social issues, notes **Ajita Shashidhar.**
businesstoday.in/ads-social

Stand Firm
N. Madhavan explains why the Centre should hold its ground on the divestment of Neyveli Lignite, ignoring Tamil Nadu CM Jayalalithaa.
businesstoday.in/nlc-divestment

BLOG

Startup Today
Taslima Khan assesses Heuristics Info Systems, a cloud-based software solution for tracking multiple GPS devices.
businesstoday.in/startuptoday

CONTENTS

FEATURES

78

78 | Digitally Challenged
Large advertising networks have made hurried acquisitions to step up their digital skills. But can they compete against the specialised digital boutiques?

84 | Battle at the Gate
With better technology, some start-ups are challenging the established players in the online payment gateway segment

88

88 | No Child's Play
Home-grown retailers of children's wear are struggling along a steep learning curve

92 | Couching Tiger Tames the Dragon
How IKEA adapted its strategies to become profitable in China. The lessons learnt could be useful when the company opens its Indian stores

98

MONEY
98 | Getting the Order Right
A glossary of the most commonly used stock orders

100

LBNL

100 | India Makes a Porn Call
Indians are avid consumers of porn, and mobile apps are making their access to the world's top porn sites easier

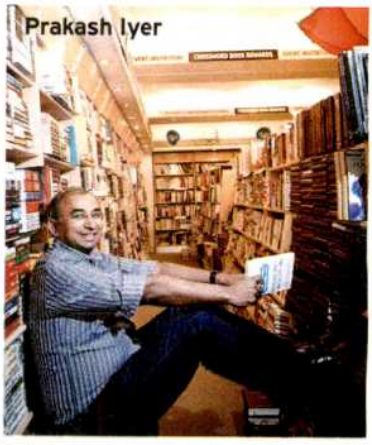
RIGHT CLICK
104 | No Clear Sailing
4K TVs have great clarity, but that is not enough to ensure their widespread use

105

BOOKEND
105 | Doubt, the Only Certainty
The global economy's medium-term future will not be much better than the present, says this book

CAREERS
108 | The Social Detour
Increasingly, young professionals are seeking out the social sector to beef up their CVs

116 | PEOPLEBUSINESS



LEADERSPEAK
120 | Richard Rekhy
CEO, KPMG India

Find the Right Job on Page:112-115
Jobs Today
Get Lucky. Get Active on Monster.
• Better Access • Better Connections
• Better Jobs
Powered by:
monster
Find Better.™

An IMPACT Feature
From time to time, you will see pages titled "An Impact Feature" in *Business Today*. This is no different from an advertisement and the magazine's editorial staff is not involved in its creation in any way.

Mahindra
Rise.

Mahindra Trucks and Buses

SO WHAT DO YOU WANT TO TRANSPORT?

Whether it is steel or cement, poultry or plastic, students or employees, we have a range of vehicles for every transportation need. And whatever you buy - multi-axle truck, tractor-trailer, tipper, LCV or bus - you're assured of unparalleled build quality, durability, and performance that gives you the best of both worlds: power and fuel efficiency. Drop in at our dealership today and give your business the advantage of outperformance.

Tourister CNG Regular Bus | Tourister Regular Bus | Tourister Cosmo Regular Bus | Tourister Cosmo School Bus | MN25 | MN31 | MN35/MN40 | MN25 Tipper | MN31 Cowl | Loadking Zoom | Loadking Zoom Tipper | DI3200 CRX

• Powerful, fuel efficient and rugged range of HCVs and LCVs • Over 8000 HCV trucks rolled out of Chakan plant • Over 1 lakh LCVs on road • Over 1578 service points • 48 hours uptime assurance*** • No. 1 in customer satisfaction** • NOW 24x7 expert assistance service • NOW mobile service vans and NOW mobile workshops • Winner of Apollo CV awards for 3 consecutive years • 57 modern, state-of-the-art 3S dealership facilities

now 24X7 EXPERT ON CALL

MOST COST EFFECTIVE AMC

5 YEARS OR 5 LAC KM WARRANTY

FIRST TIME IN INDIAN TRANSPORT TRANSFERABLE WARRANTY

SERVICE ON CALL

1800-200-3600 (Toll Free)
now | 24X7 EXPERT ON CALL

020-2747 3600
now | 24X7 EXPERT ON CALL

www.mahindralcv.com
www.mahindratrucksandbuses.com

Corporate: contactmnal@mahindra.com
Customer care: now24X7@mahindra.com

*Warranty applicable for HCV Range of trucks - 5 years or 5 lac km warranty on engine, cabin (metal sheet and frame only) & chassis frame, 4 years or 4 lac km warranty on driveline, 3 years or 3 lac km comprehensive warranty

INTERFACE 380936

YASBANT NEGI

American Interest: The strategic dialogue co-chaired by U.S. Secretary of State John Kerry and External Affairs Minister Salman Khurshid reviewed the status of civil nuclear ties and defence trade between the U.S. and India. Kerry wanted India to adopt clean energy technologies. Next, U.S. Vice President Joe Biden is scheduled to visit India in mid-July.

Corporate

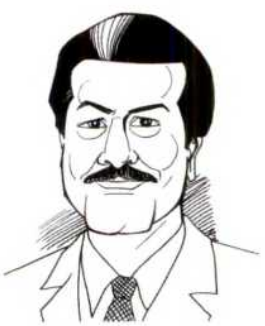
Two CEOs of Indian affiliates of US multinationals– **PepsiCo India President Manu Anand** and **Walmart India head Raj Jain** – quit in quick succession. Raj Jain, who headed Walmart's joint venture with the Bharti Group for six years, leaves at a time the retail giant is facing allegations of lobbying, violation of FDI norms and protests by political parties over its India entry.

The Supreme Court has dismissed a public interest litigation seeking a probe against **Ranbaxy Laboratories** for allegedly manufacturing and selling substandard medicines. The SC bench said that it could not decide the plea against the company on the basis of a judgment passed by a US court against Ranbaxy.

Mobile internet rates are falling, and how. A host of companies, including Vodafone, Airtel, Idea Cellular and Tata Docomo have rushed to offer substantial discounts on current rates.

After a premature announcement earlier, the consortium of ONGC Videsh Ltd and Oil India Ltd has finally announced the signing of agreements with Videocon Mauritius Energy Ltd to acquire 100 per cent shares in Videocon Mozambique Rovuma Ltd for $2.475 billion. This company in turn holds a 10 per cent share in the Rovuma block, which lies off the coast of Mozambique. The area has the potential to become one of the world's largest natural gas producing hubs with first deliveries of liquefied natural gas expected in 2018.

Tech Mahindra has completed the merger of its unit **Satyam Computer Services** with itself, making it the country's No. 5 Indian IT services provider. The new merged entity has revenues of $2.7 billion and a team of 84,000 professionals servicing 540 customers across 46 countries. Part of the $16 billion **Anand Mahindra-led Mahindra Group**, Tech Mahindra bought Satyam in a government-backed auction in 2009 after the founder of the Hyderabad-based company admitted to one of India's biggest accounting frauds.



India has retained its position as the world's third most attractive destination for investment by transnational corporations (TNCs) during 2013/15, according to a survey by UNCTAD. Based on responses of 159 companies, India was ranked after China and the U.S. Australia, Russia and the U.K. slipped down the rankings from last year's survey.

Russia, the world's largest energy producer, and China, the world's largest energy consumer, have signed one of the biggest deals in the history of the oil industry. The $270-billion deal, signed by Rosneft and China National Petroleum Corp, will ensure Russian oil supply to its eastern neighbour for 25 years.

Economy

The banking counter is buzzing with activity. While a host of giants, including the **Tata Group** and the **Birla Group**, have lined up for the new bank licences, **Mahindra & Mahindra Financial Services Ltd**, the non-banking financial company of the Mahindra group, has decided not to apply for a bank licence. Its reasoning: the criteria set by the RBI for getting licences were disadvantageous for large, successful NBFCs like itself, favouring smaller ones instead.

India's current account deficit may widen because of money outflows, Finance Minister P. Chidambaram said. **The current account deficit (CAD) in the fourth quarter of 2012/13 was 3.6 per cent of the gross domestic product, lower than market expectations which had forecast 4.4 per cent.**

The finance ministry is set to review financial and operational performance of about 70 schemes, including midday meal, bank recapitalization and rural employment guarantee schemes. The reivew is being done for fiscal 2014 and the medium-term expenditure statement will be tabled in the monsoon session.

The government has allowed **Reliance Industries to surrender its special economic zone in Haryana.** Interestingly, the company has sought a seventh extension of in-principle approval for setting up of a multi-product SEZ at Raigad in Maharashtra.

1.5%

Growth of India's steel production in May this year as compared to the global growth rate of 2.6 per cent. During January-May, India's steel output grew at 3 per cent to 33.5 million tonnes, well above the world average rate of 2.1 per cent to 658 million tonnes.

₹6,370 cr

Domestic pharma sales in May, registering a growth of 6.8 per cent. For the 12-month period ended May 2013, the pharma market stood at ₹74,117 crore, a growth of 10 per cent over the same period last year. The anti-infectives market stood at ₹915 crore, cardiac at ₹775 crore, gastro-intestinal at ₹737 crore, pain/analgesics at ₹520 crore and vitamins at ₹514 crore.

Markets

The Reserve Bank of India has said developers building low-cost or affordable houses can avail foreign currency loans on softer terms than other builders. Developers with three years of experience can raise money through external commercial borrowings, as compared to the earlier norm of five years of construction experience. Low-cost housing involves units priced below ₹30 lakh each.

Ford India has set a new benchmark in the compact sports utility vehicles market. Its latest entrant **EcoSport** comes with a starting price of ₹5.59 lakh (ex-showroom, Delhi). The pricing will give stiff competition to **Renault's Duster** and **Maruti's Ertiga** and **Mahindra's Quanto**.

Coming Up

- India could lift foreign direct investment caps on various sectors by the third week of July, finance minister P. Chidambaram said. The Arvind Mayaram panel has suggested raising the FDI cap in multi-brand retailing to 74 per cent, in defence production to 49 per cent and in telecom to 100 per cent.

- Gold imports are expected to more than halve to about 150 tonnes in the coming July-September quarter, against the projected 350 tonnes in the current quarter, due to sluggish demand, according to the Bombay Bullion Association.

Reaching the top is good. Staying on top is even better.

This year, VIT has moved up to rank No. 8 among the premier engineering institutions in India.

To be ranked one of India's finest engineering institutions year after year is no mean achievement. But to beat ourselves at our own game is an accomplishment we are proud of. This proves that in spite of our world-class standards in education, an inspiring faculty, the finest infrastructure, a high research output and the best placement opportunities for students, we don't take ourselves for granted. Which is why, we are one of the most coveted premier engineering institutions in India today.

INDIA'S Best COLLEGES

INDIA TODAY June 24, 2013

Top 10 COLLEGES ENGINEERING

1. Indian Institute of Technology, Delhi
2. Indian Institute of Technology, Kanpur
3. Indian Institute of Technology, Kharagpur
4. Indian Institute of Technology, Chennai
5. Indian Institute of Technology, Roorkee
6. Birla Institute of Technology and Sciences (BITS), Pilani
7. Institute of Technology, Banaras Hindu University, Banaras
8. **Vellore Institute of Technology**, Vellore
9. Delhi College of Engineering, Delhi
10. Indian Institute of Technology, Guwahati

"Individual Topper - Vellore Institute of Technology has shown the maximum improvement in most of the rankings as compared to last year".

VIT®

UNIVERSITY

(Estd. u/s 3 of UGC Act 1956)

VELLORE ■ CHENNAI

www.vit.ac.in

VIT - A place to learn; A chance to grow.

FOCUS

20 Around the World
24 Split Wide Open
28 PM's Pundits

The price of gas should be market determined. This is the accepted practice globally

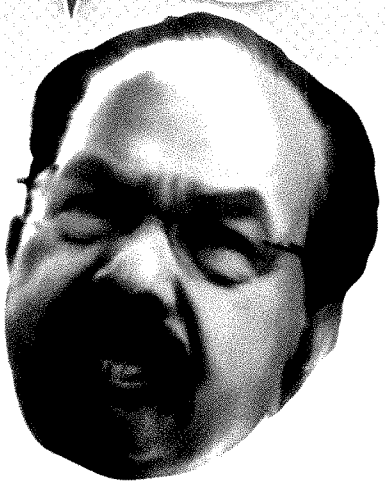
Mukesh Ambani, Chairman and Managing Director, Reliance Industries Ltd

Moily is doing this only to help Reliance Industries. It blundered in KG D6 block and should first be tried for that

Gurudas Dasgupta, MP, Communist Party of India

We need to encourage domestic players. India is floating on a great pool of oil and gas

M. Veerappa Moily, Petroleum Minister

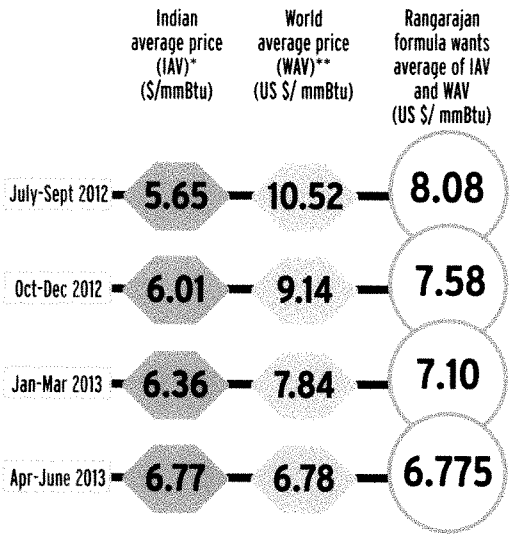


Stepping on the Gas

Defying populist cries, the government opts for a steep hike in gas prices. By **ANILESH S. MAHAJAN**

How It Works

The natural gas pricing formula, accepted by the government, based on the Rangarajan Committee's recommendations



* Average price at well-head of the source from where India is importing gas

** Average price at international hubs

India is a highly price-sensitive market. Thus the challenge of pricing a natural resource in a way that simultaneously balances the interests of industries in that sector and those of the ordinary citizen is a daunting task. But it is one the Union government has confronted while revising the price of natural gas.

On June 27, the Union Cabinet, after a heated debate in a meeting, decided to change the pricing process beginning April 2014. The revised pricing formula was suggested by a committee headed by the Chairman of Prime Minister's Economic Advisory Council, C. Rangarajan. This will link the price of domestic natural gas to international gas prices. In addition, the domestic price will be reviewed every quarter.

The revised formula, if applied to today's international price, would raise the domestic price to around $6.775 per million metric British thermal unit (mmBtu). This would be almost 50 per cent higher than the current domestic price charged by Reliance Industries Ltd (RIL) at its KG D6 block, $4.21 per mmBtu.

Why is a price revision needed? The gap between India's domestic gas production and demand has been widening. The daily gap of 143 million metric standard cubic metres at the end of the last financial year will rise to 235 mmscm in 2015/16, according to petroleum ministry's presentation to the Cabinet. Imports, to cover the shortage, are going to cost a good deal more than before, with the rupee weakening to a record low of about ₹60 to the US dollar.

"The only solution is to increase the domestic production of gas. No one will invest in India, especially in this high-risk business, if they do not get returns on their investments," says Petroleum Minister M. Veerappa Moily, justifying the stand his ministry, together with the finance ministry and the Planning Commission, has taken, maintaining domestic gas production needed to be incentivised by offering better prices.

Today, there are a range of domestic gas prices, depending on the contracts governing gas production, ranging from $1.08 to $5.65 for a unit of gas. The RIL price of $4.21 per mmBtu yields a profit of roughly $2 per mmBtu, say oil ministry officials. In comparison, LNG imports cost almost $12 per mmBtu at the western shores of India.

As natural gas is feedstock for sectors as varied as electricity generation and fertiliser production, there is intense lobbying when the natural gas price is set to be revised upwards. The mere prospect of prices being raised had triggered a political maelstrom even before the Cabinet chose to bite the bullet. Communist Party of India (CPI) parliamentarians such as D. Raja and Gurudas Dasgupta had loudly opposed any move to hike the price. Dasgupta told *Business Today* that the price revision was only meant to help private gas producers, in particular RIL.

Moily brushes aside such arguments. "We need to encourage domestic players. India is floating on a great pool of oil and gas. There are some importers who don't want India to expand domestic production. They have threatened every petroleum minister," he said, sparking off a political uproar.

Following the decision to raise the price, Finance minister P. Chidambaram sought to soften the coming blow by saying the government could soon look at mechanisms to lower the input fuel costs for the power and fertiliser sectors, which would be hit most by the hike.

The gas price hike will put an extra burden on the government itself, increasing the subsidies it provides to the power and fertiliser sectors, at a time when Chidambaram has publicly committed himself to rolling back India's fiscal deficit as a proportion of its gross domestic product, from its current level of 4.9 per cent, by pruning subsidies.

The net margins of urea manufacturers may dip by 30 to 40 basis points once the gas price rises, says rating agency CRISIL. Thus the fertiliser sector alone will need additional subsidy by around ₹9,000 crore. CRISIL also projects that the power purchase cost of distribution com-

What to Expect

Development	Impact
Win Some ...	
The US will start exporting gas in a couple of years	Gas prices will soften globally
India is adding 30 million tonnes per annum of LNG import capacity	Gas prices will fall as India will be in a better position to command prices
Lose some ...	
Crude oil price may rise	Gas prices will increase. Several economies link gas price with crude
India has signed new agreements to source gas from Australia and the US	Gas prices will increase as these contracts are at higher prices
Agreement to cap prices of gas sourced from Qatar's RasGas (currently India's only functional long-term LNG contract) will expire in January 2014	May lead to a steep increase in gas prices

THE CABINET'S DECISION WILL ALSO END THE MULTIPLE GAS PRICING MECHANISMS

panies will rise by ₹0.12-0.15 per unit as generation utilities pass on the increase.

Insiders maintain the government was a divided house on the gas price hike. Power Minister Jyotiraditya Scindia did not see any reason for an upward revision. Former petroleum minister S. Jaipal Reddy, too, reportedly opposed the revision at the Cabinet meeting arguing there was no compelling fiscal need to change the existing system. But Chidambaram and Moily prevailed upon the Cabinet to opt for the price hike.

INSIDERS MAINTAIN THE GOVERNMENT WAS A DIVIDED HOUSE ON THE PRICE HIKE

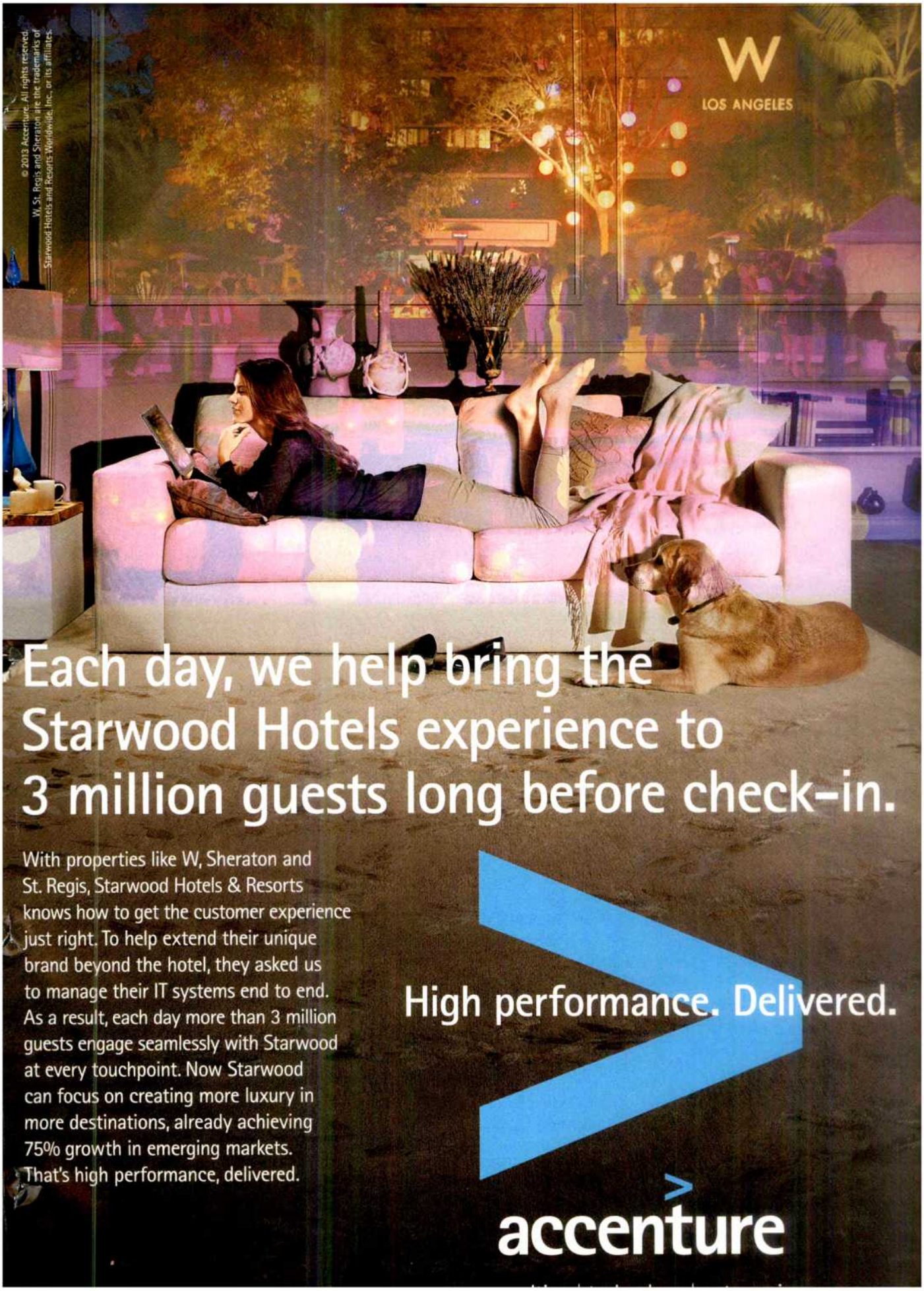
The Rangarajan committee had suggested the price should be computed by taking the average of two scenarios. One, the average price of imported gas from different sources and two, the average of the gas price at three global critical points – Henry Hub (for North America), the cost at which the UK imports gas and the cost at which Japan imports gas. RIL, however, is not satisfied with the formula. "The price of gas should be market-determined. This is the accepted practice globally," says an official who does not want to be named.

The Cabinet's decision will also end the multiple gas pricing mechanisms currently prevailing in the country. There are different prices for gas produced under administered price mechanism (APM), non-APM, joint ventures, coal bed methane (CBM) ventures. Once the existing contracts end, everyone will move to the Rangarajan formula. This is expected to pave the way for refining the shale gas policy and could resolve the ongoing differences in pricing of gas derived from CBMs.

And the Rangarajan formula will be eventually replaced by a new pricing formula that is being devised by a committee headed by Vijay Kelkar, Chairman of the Thirteenth Finance Commission. "All gases flowing into the Indian gas system must have competitive pricing. But this will happen gradually," says an official, who worked on this new pricing mechanism at petroleum ministry. This concept, which is prevalent in the US, Canada and the UK, is also called as gas-on-gas competition, and is backed by the Rangarajan committee and Planning Commission. ◆

With inputs from Ajay Modi

Send your comments to editor.bt@intoday.com


© 2013 Accenture. All rights reserved.
W, St. Regis and Sheraton are the trademarks of
Starwood Hotels and Resorts Worldwide, Inc., or its affiliates.
W
LOS ANGELES
Each day, we help bring the Starwood Hotels experience to 3 million guests long before check-in.
With properties like W, Sheraton and St. Regis, Starwood Hotels & Resorts knows how to get the customer experience just right. To help extend their unique brand beyond the hotel, they asked us to manage their IT systems end to end. As a result, each day more than 3 million guests engage seamlessly with Starwood at every touchpoint. Now Starwood can focus on creating more luxury in more destinations, already achieving 75% growth in emerging markets. That's high performance, delivered.
High performance. Delivered.
accenture

Fluctuating Fortune

Shares of Jaypee Group companies plunged in June. What ails the infrastructure conglomerate? By AJAY MODI

June has turned out to be a terrible month for the Jaypee Group with shares of its three listed companies plunging. A massive debt and pressure on profitability have been troubling it for the past few quarters. What made matters was the shutdown of a power plant in Uttarakhand and reported delays in the sale of cement assets in Gujarat.

While shares of Jaiprakash Associates touched a one-year low, both Jaiprakash Power Ventures and Jaypee Infratech fell to their lowest levels ever. Shares of Jaiprakash Associates, the group's flagship company, slipped 20 per cent in June to ₹53.55. Jaiprakash Power dropped 20 per cent to ₹19 while Jaypee Infratech, the group's realty arm, slumped 32 per cent to ₹21.20.

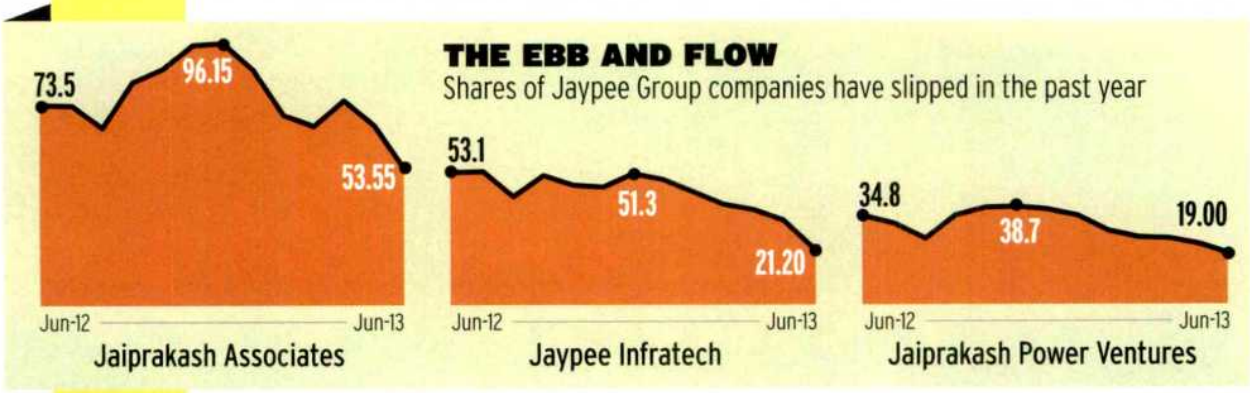
The floods that ravaged Uttarakhand in June forced Jaiprakash Power to stop generation at its 400 megawatt Vishnuprayag hydroelectric project because of high silt levels. The project accounts for nearly a fifth of the company's generation capacity of 2,200 megawatt. Suren Jain, Managing Director, Jaiprakash Power, allays fears of extensive damage to the plant and says the insurance cover will be sufficient to meet the operational expenditure and service debt. "We will need to undertake de-silting work," he says. "This may take a couple of months."

The group's main problem, however, is the ₹54,000 crore pile of debt that is one of the highest among Indian companies. The high debt is a result of rapid expansion in real estate, infrastructure, cement and power sectors over the past few years.

The group has been looking at ways to cut debt as a high interest outgo is hurting its profit. The consolidated interest cost of Jaiprakash Associates surged 46 per cent in 2012/13 to ₹4,569 crore. Consolidated profit dropped 18 per cent to ₹777 crore.

"The group is asset heavy but it is also highly leveraged," says Vikas Khemani, Head (Institutional Equities) at brokerage Edelweiss Securities. "The assets are not yielding sufficient returns to service the debt. This implies that interest costs will remain high so long as the economic environment doesn't improve."

The group has decided not to undertake new projects as of now. It is also selling some assets to raise cash. In May, Jaypee Infratech sold 300 acres of land along the Yamuna Expressway in Uttar Pradesh for ₹1,500 crore. Jaiprakash Associates has been in talks to sell its cement business in Gujarat for some time now. The company has a capacity of 4.8 million tonnes in Gujarat, and the business is valued around ₹4,000 crore. Recent reports of a breakdown in talks to sell the Gujarat cement business hurt Jaiprakash Associates's shares. Group Executive Chairman and CEO Manoj Gaur did not comment on the developments. Jain, however, says the talks have not failed as some news reports indicated. "The reports are absolutely false," he adds. ◆



BT RETRO

In its December 25, 2011, cover story 'High Way', *BT* chronicled the rise of the Jaypee Group and how it was shaking India's infrastructure sector

muthootfinance.com

Spanning 126 years of trust
Muthoot Group

For your business growth

For your dream home

For your child's future

For your newborn

Muthoot Finance Gold Loan.
Sapney aapke, prarthana hamari.

Be it your business or the happiness of a newly owned house, be it the future of your grown up child or taking care of your newborn, Muthoot Finance prays that all your dreams come true. That's why Muthoot Finance gives you gold loan easily and at low interest rate.

- **Over 4000 branches • Maximum value of your gold**
- **Free insurance of your gold**

Call: 011-3051 3051 or
SMS **MGOLD <SPACE>** area pincode to **92200 92200**

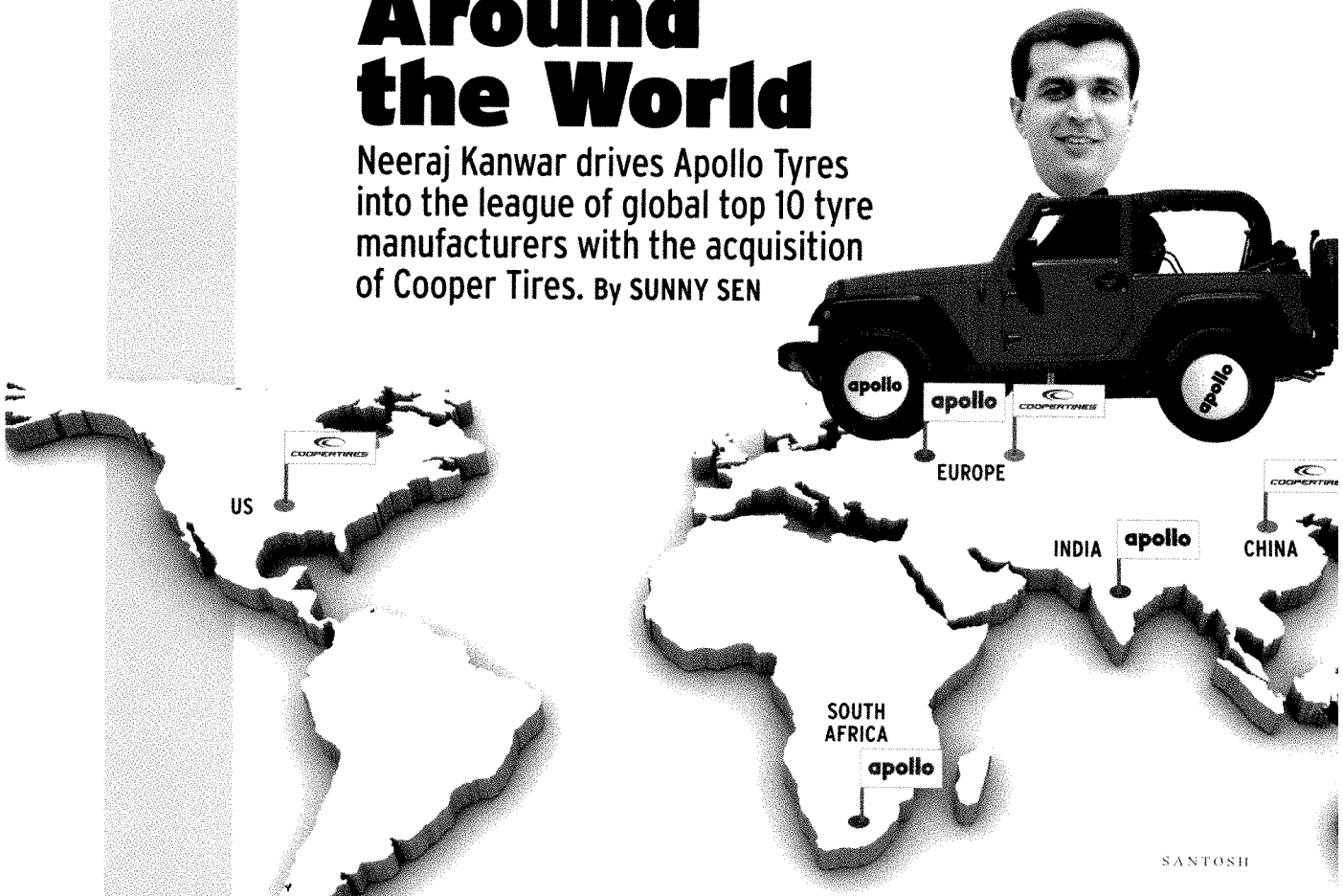
Muthoot Finance

India's largest gold loan company

A Muthoot M George Enterprise I Since 1887

Around the World

Neeraj Kanwar drives Apollo Tyres into the league of global top 10 tyre manufacturers with the acquisition of Cooper Tires. By SUNNY SEN



NORTH AMERICA IS THE WORLD'S LEADING TYRE MARKET AND CONTRIBUTES 70% TO COOPER'S REVENUE

It was the same day the monsoon hit Delhi, bringing relief from the blistering heat. But one family took little notice. Onkar S. Kanwar had his eyes and ears focused firmly on his son Neeraj, as the latter took the stage to address a press conference. It was a day after Apollo Tyres announced it was acquiring Ohio-based Cooper Tire & Rubber Co for $2.5 billion. The acquisition places the Indian tyre maker in the global top 10 list of tyre companies.

Such an occasion is usually celebrated with flowing champagne. But that wasn't the case with the Kanwars. Why not? Within 24 hours of the announcement, Apollo Tyres' share price fell by 25 per cent. The paradox was the result of market concerns about the huge debt burden Apollo Tyres was taking on to make the acquisition. Neeraj had called the press conference to explain that his company had not been rash, it had everything it would take to finance this deal.

The effort did little good. Investors still thought Apollo's future was cloudy. The share price fell another six per cent on the second day after the announcement. "In the wake of huge debt, the financials could come under intense pressure if external factors such as raw material prices and tyre demand move adversely," wrote Gaurant Dadwal of Nirmal Bang in his report on the deal.

Neeraj, Vice Chairman and Managing Director of the company, had to act fast. Along with his team, he went off to meet investors and analysts in the UK, Singapore, the US and Honk Kong and explain the rationale for the deal. From London, he logged into a video call to talk to *Business Today*. "You get a very large market which is North America... you get two large manufacturing

plants in China... you get the large China market where Apollo did not have a presence," he said. "Cooper brings with it 40 per cent of its manufacturing from the low-cost countries such as China, Mexico and Serbia."

North America is the world's leading tyre market and contributes 70 per cent to Cooper's revenue. China comes second and adds about 20 per cent. Apollo plays in a market which consumes half a billion units annually, but with the acquisition, the opportunity will treble in size. The joint entity, an Apollo Group subsidiary, will be registered in Mauritius, with a combined revenue of $6.6 billion.

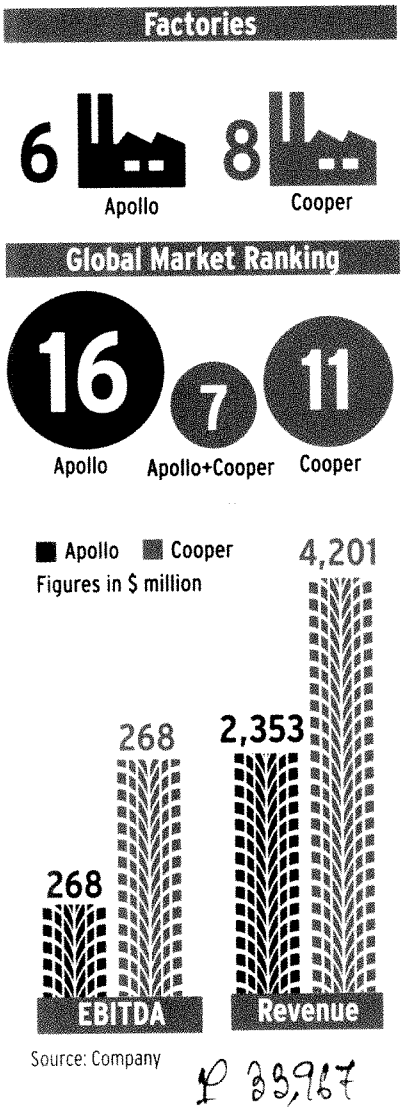
But the father-son duo have had to wait for a long while before the deal materialised. Onkar, Chairman of Apollo Tyres, looked up to Cooper even way back in 1979, the year he decided to take on the burden of Apollo Tyres, an ailing company then, from his father Raunaq Singh. Later Onkar and Raunaq Singh fought a famous boardroom battle because Raunaq wanted to diversify Apollo into a conglomerate and Onkar wanted to concentrate only on tyres. Onkar won, but even during those conflict ridden days he cited the example of Cooper to his employees. "In the 1990s when I joined the business, Cooper Tires was the cream of the tyre industry in terms of profit margins," says Neeraj.

The Cooper relationship with Apollo Tyres, Neeraj adds, has a long history. It started about seven years back when Apollo became a distributor of Cooper in South Africa. Later, both companies tried other projects together ranging from joint procurement strategies and even jointly building a manufacturing plant in Hungary. But the plan of setting up a manufacturing plant together lost steam during the days of the Lehman Brothers crisis.

By then Apollo had already done a few other international tie-ups too.

GLOBAL FOOTPRINT

Cooper Tires' buyout gives Apollo scale and heft



Source: Company

In 1999, it joined hands with General Tyres for technology sharing. The partnership ended in 2003 when Apollo entered into a joint venture with the France-based Michelin. This collaboration ended in 2005. That was when Kanwar realised he could not rely on foreign players for technology. So he moved his entire research and development set-up to The Netherlands – a team of 100 people. Thirty families shifted base from India and settled there. "Maybe in IT the corridors have shifted to the East, but in the auto industry they are still in the West," says Neeraj.

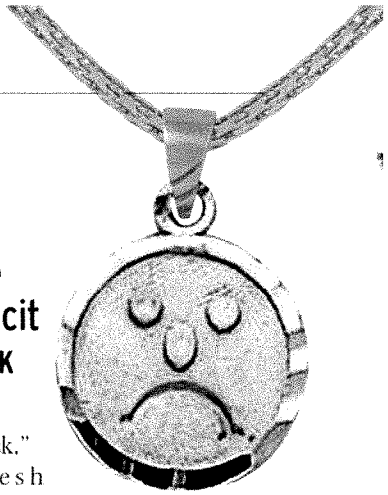
In 2009, Apollo acquired the Netherlands-based Vredestein Banden for premium products. After a couple of years Neeraj got restless again – he had not yet got the most out of Cooper. But he knew the company well. Their dalliance started once more in end-2011, and after 18 months the deal was finally consummated. "You have to get to know each other before you jump into bed," he says.

The $2.5-billion acquisition is entirely funded through debt. However, only $450 million will be taken by the Apollo Group, while the remaining $2.1 billion will be on the books of a new Mauritius-based subsidiary. Neeraj says that interest payout is covered four to five times by EBITDA which will be close to $675 million. The yearly interest will be $150 to $160 million.

The next few months will be spent in integrating both the companies. The good part: they have similar cultures. Also, both Apollo and Cooper are largely into the replacement market. A lot of manufacturing best practices will be exchanged between the two companies.

And then there is benefit of becoming a larger organisation. "Apollo expects to incur synergy benefits of $80 million to $100 million over a period of three years, arising out of common sourcing of raw materials, technological and R&D benefits and reduction in administrative expenses," writes Yaresh Kothari of Angel Broking.

But at the time of going to press, Apollo's share price had still not recovered. Indeed it was at its 52-week low. Meanwhile Neeraj continues travelling. Unlike relations between his grandfather and his father, he and Onkar are thick. That was very evident when at the press conference, Onkar said: "I have done what I have to do, but that man will take Apollo to the next level." He was pointing to his son. ◆



Gilt Trip

The jewellery industry has been hit by the government's efforts to cut the trade deficit by restricting gold imports. By MANU KAUSHIK

Kolkata-based Bachhraj Bamalwa runs Nemichand Bamalwa and Sons, a ₹400-crore jewellery company. Bamalwa's family has been retailing gold for several generations. Over the past few weeks, the kaleidoscopic scenario in the gold market has kept retailers like him on their toes.

The falling rupee and widening trade deficit have prompted the government to take steps to rein in gold imports. The trade deficit – the difference between exports and imports – increased to $20.1 billion in May, up 13 per cent from April. The ballooning of the trade deficit was partly due to a record 162 tonnes of gold imports in May – more than twice the 2012 average import of 72 tonnes a month.

In early June, the Reserve Bank of India placed curbs on all gold importers – banks and nominated agencies. Importers must now pay cash up front before buying gold from abroad. Except for Bank of Nova Scotia, which is still bringing in small quantities, most banks have stopped importing gold. "Importers operate on a thin margin. Given the volatility in gold prices – they hit a three-year low on June 26 – bankers are not ready to take the risk," says Rajesh Khosla, Managing Director of MMTC-PAMP India.

It gets worse. "Not only has the gold supply line come to a halt, but also gold retailers who have already used their lines of credit are not being issued fresh loans by banks," says Bamalwa. "Banks are not comfortable lending to the sector." He adds he expects the gold business to remain subdued until September.

The stock prices of leading gold retailers such as Titan Industries, Gitanjali Gems and PC Jeweller have fallen sharply. "The lower credit availability affects our cash flow position and increases working capital requirements in the immediate future," says Sanjeev Agarwal, CEO of Gitanjali Export, a subsidiary of the ₹16,400-crore Gitanjali Group.

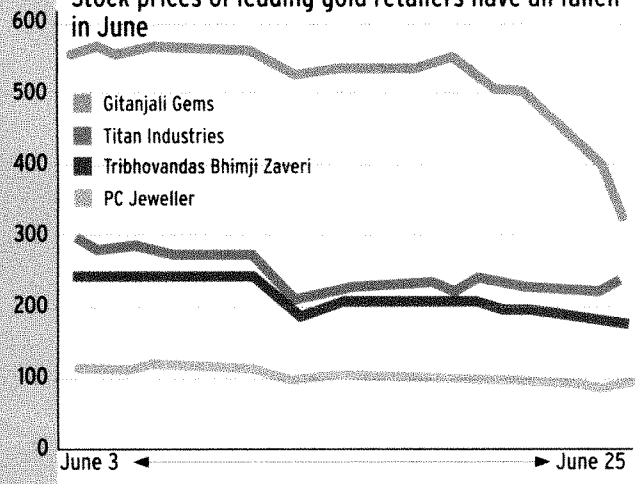
The need to curb gold imports had also led the government to increase import duty on gold from one to eight per cent (between January last year and now). Authorities are particularly concerned that a large portion of imported gold is being used for investment purposes. An estimated 35 per cent of the 864 tonnes imported last year was investment-related demand. "Investment in gold does not create value for anyone," says Gitanjali's Agarwal. "Jewellery, on the other hand, involves productivity and creates employment."

The All India Gems & Jewellery Trade Federation has directed its members to stop selling gold bars and coins, which consumers buy as investment. "The step will surely reduce jewellers' top lines, but profits are likely to stay stable," says Sribash Dasmohapatra, Executive Director of the federation.

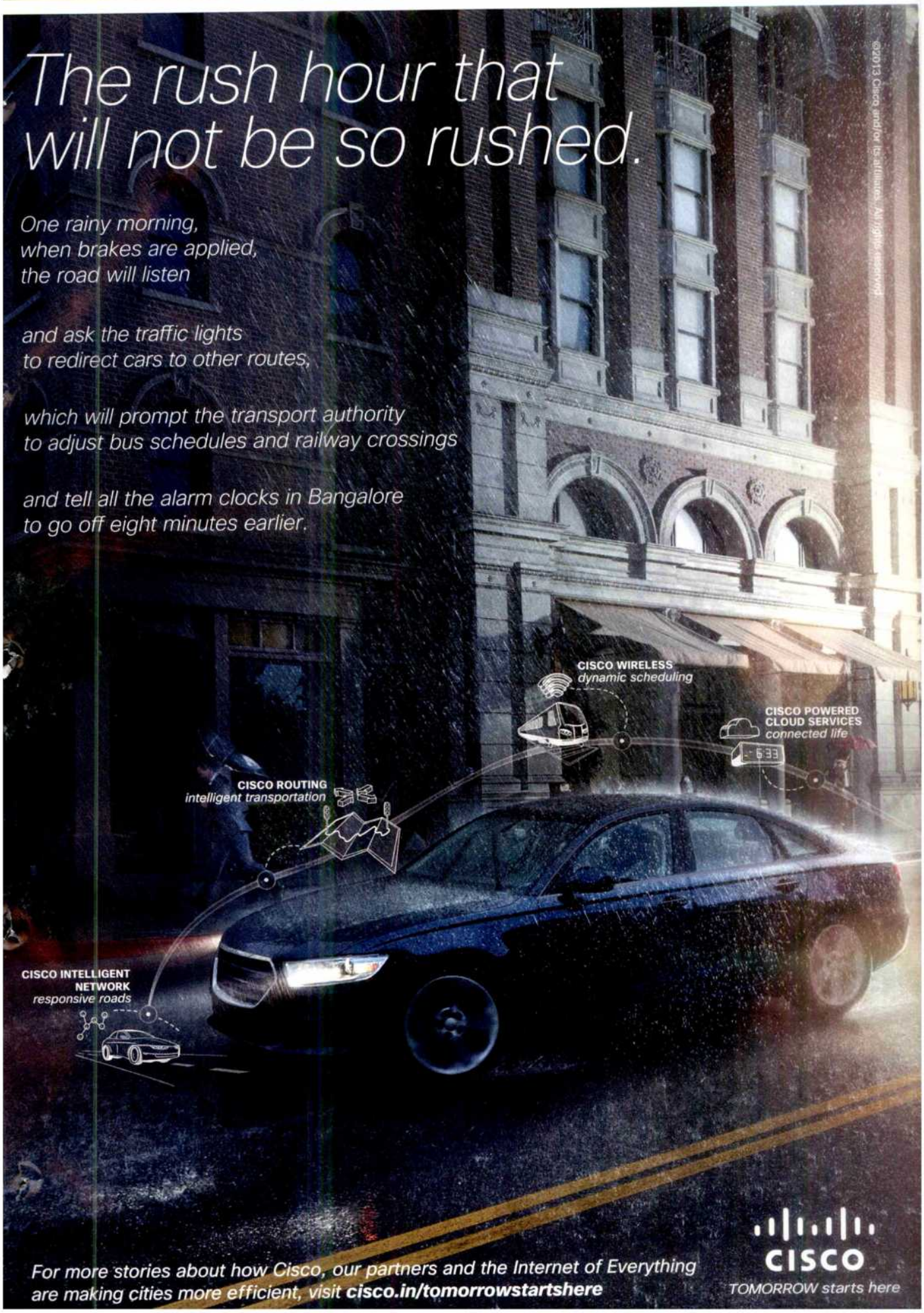
Analysts say the government's steps to curb gold imports are indeed likely to shrink the trade deficit in the current fiscal year. "On average, India has imported 950 tonnes of gold in the past three years," says Abneesh Roy, Associate Director, Edelweiss Securities. "The comparable figure for the current year is likely to be 200 tonnes less." ◆

Losing Lustre

Stock prices of leading gold retailers have all fallen in June



Source: BSE


The rush hour that will not be so rushed.
One rainy morning, when brakes are applied, the road will listen
and ask the traffic lights to redirect cars to other routes,
which will prompt the transport authority to adjust bus schedules and railway crossings
and tell all the alarm clocks in Bangalore to go off eight minutes earlier.
CISCO WIRELESS
dynamic scheduling
CISCO POWERED CLOUD SERVICES
connected life
CISCO ROUTING
intelligent transportation
CISCO INTELLIGENT NETWORK
responsive roads
For more stories about how Cisco, our partners and the Internet of Everything are making cities more efficient, visit cisco.in/tomorrowstartshere
cisco
TOMORROW starts here
©2013 Cisco and/or its affiliates. All rights reserved.

Split Wide Open

The boardroom battle at YES Bank is set to drag on as the dispute shifts to the courtroom. By ANAND ADHIKARI

THE BIG QUESTION HANGING OVER YES BANK'S HEAD IS WHETHER THE COURT WILL TAKE A DIFFERENT VIEW OF THE WHOLE MATTER

In the late 1990s, Asian Paints's four founders were involved in a dispute. Atul Choksey, then-chairman and managing director and the company's public face, wanted to go for a global depository issue to raise capital. The other three – Abhay Vakil, Ashwin Choksi and Ashwin Dani – opposed the idea. The dispute led to Choksey selling his family's nearly 10 per cent stake to ICI PLC. The move shocked the industry. ICI's entry was seen as an intrusion and a possible takeover threat. Asian Paints's board strongly opposed the entry. The government also played along to prevent the stake sale. The trio is still running the show while Choksey is no longer with the company.

The infighting between Asian Paints's founders draws a parallel with the latest boardroom battle that has gripped Corporate India. One of the founding families of private-sector lender YES Bank is fighting for its rights to nominate directors in the bank while the other founder has resisted such efforts. The dispute had been limited to the boardroom so far but the scene has now shifted to the courtroom.

The bank was founded by Rana Kapoor, Managing Director and CEO, and Ashok Kapur, who died in the November 2008 terrorist attacks in Mumbai. At the time of his death, Kapur was the bank's non-executive chairman. In early 2009, Kapur's widow, Madhu Kapur, sought a board seat for herself or her daughter Shagun Kapur Gogia. The bank's board felt the duo didn't fit the Reserve Bank of India's (RBI) 'fit and proper' criteria for appointing directors. The RBI's criteria talk about due diligence with regard to their suitability by way of qualifications, technical expertise, track record and integrity.

The matter was dormant for a couple of years but erupted again this year after YES Bank sought to appoint three directors – Diwan Arun Nanda, Ravish Chopra and M.R. Srinivasan. Chopra and Srinivasan were nominated by Kapoor, which irked Madhu Kapur. In June, she approached the Bombay High Court challenging the appointment of the three directors. A day after she approached the court, YES Bank shareholders approved the appointments at the lender's annual general meeting.

ANATOMY OF THE DISPUTE

SHAGUN GOGIA

How it started

Madhu Kapur approaches Rana Kapoor in April 2009 for a board seat for herself or her daughter Shagun Gogia. The bank's board rejects the request

How it escalated

Madhu Kapur moves the Bombay High Court in June this year, opposing the appointment of three directors. The court refuses to grant interim relief. Shareholders approve the appointment

WHO OWNS HOW MUCH IN YES BANK

Rana Kapoor Family
13.72%

Madhu Kapur Family
12.0%

Foreign investors
13.22%

Domestic Institutions
48.95%

Individual investors
12.11%

(As of March 31) Source: BSE

While the court did not stay the directors' appointment, it asked YES bank to consider Gogia's nomination. On June 27, a day before this magazine was sent to press, the board discussed the issue and said it would convey its decision to the court on July 1. YES Bank executives and Madhu Kapur's family met with *Business Today* to discuss the matter but refused to be quoted saying the matter is sub-judice.

The big question hanging over the bank's head is whether the court will take a different view of the whole matter. People close to Madhu Kapur say their rights under the Articles of Association (AoA), which govern a company's functioning, should be upheld. The bank's AoA empowers both partners with a stake of more than 10 per cent to jointly nominate three directors. The Kapur family says the bank did not consult it before the recent appointment of three directors. Anil Singhvi, who runs a proxy advisory firm, says that the bank is governed overall by the AoA as per the Companies Act and that the Banking Act is concerned only with the business aspects.

Some suggest YES Bank should have forwarded Gogia's name to the RBI to decide whether she meets the central bank's guidelines on directors' appointment. By not doing so, YES Bank has drawn up the battle lines which could impact the image of a lender that bills itself a "bank of professionals". YES Bank's stock has already lost 10 per cent since the controversy broke.

Even if YES Bank clears her name, it could be difficult for Gogia to make it to the board if the RBI insists on a strict interpretation of a rule which prescribes that only one member from a family should be appointed as a director. People close to Gogia say the RBI norm does not apply in this case as she is not part of Kapoor's family, although they are distantly related. (Madhu Kapur's sister Bindu is married to Kapoor).

The YES bank battle is likely to take an interesting turn now. Unlike Asian Paints, YES Bank operates in a highly regulated sector and must follow RBI rules. One such rule stipulates that bank founders must reduce their stake to 15 per cent within 12 years of inception. For YES Bank, the 12-year period ends in 2016. Madhu Kapur's family controls a 12 per cent stake in the bank while Rana Kapoor's family owns a tad less than 14 per cent, taking the total to nearly 26 per cent. They will need to trim their holdings unless they get an exemption from the RBI.

There are some who speculate what would happen if the Kapur family were to sell its stake to a rival bank or a player interested in banking, something on the lines of what Atul Choksey did at Asian Paints. The possibilities are endless. As the Bombay High Court readies to hear the matter, a lot of issues will come out in the open in coming days. "The issue is not going to be resolved soon," says Pavan Kumar Vijay, Managing Director at Corporate Profession Group, a New Delhi-based advisory firm. "The battle will go on unless the two sides work out a solution." ◆

The status now

The Bombay High Court directs the bank to consider the candidature of Shagun Gogia. YES Bank board meets on June 27; to convey the decision to the court on July 1

RANA KAPOOR
MD & CEO, YES Bank

One for the Masses

The Ubislate 7C+, from Datawind – makers of the Aakash tablets – is arguably the cheapest tablet with voice calling available in India. The 7C+ has better build quality than some of the earlier devices from Datawind, and all the ports an average user may need. The form factor is good enough for use as a phone, though the audio quality is poor. The thin-film transistor (TFT) capacitive touch display is very responsive, though some colours look a bit washed out. This is no iPad, but the 1 GHz Cortex A8 processor and 512 MB RAM offer decent performance. You will be able to do all your basic computing without any problems, though there is a split-second lag at times. Another useful feature is the Ubislate browser which uses a server to reduce data consumption by around 97 per cent. This is not very fast, but will be a boon for the target audience which is not the kind that can spend much on data.

NANDAGOPAL RAJAN

Calling & 3G
Very affordable

Slow at times
Awkwardly placed keys

Datawind Ubislate 7C+ **Price:** ₹4,990

Book it

Jet Airways has launched its first flight booking and dashboard application exclusively on Nokia Windows Phone 8 devices. Jet Privilege users can log in using the app to book flights and even redeem their points. The dashboard lets you plan trips, see flight timings and offers. The 'LoFares' option shows the cheapest fares being offered, though not always for destinations you need to fly to. Good app for frequent flyers.

By: Jet Airways
Cost: Free

AN AFFORDABLE TABLET-CUM-PHONE, A USEFUL TRAVEL APP AND BLACKBERRY'S LATEST

BlackBerry Q10 **Price:** ₹44,990

Key(pad) to Success

QWERTY is back on BlackBerry, after its foray into the all touch zone with Z10 earlier this year. For all those who prefer a proper keypad on their phones, there cannot be a better option than the new BlackBerry Q10. This is a premium phone all the way and runs the BlackBerry 10 operating system with specs similar to the Z10. It is a bit wide, but comfortable to hold and lighter than you would imagine looking at it. It has a 3.1-inch touchscreen, larger than earlier BlackBerry models, and the trackpad has been removed. The keypad is the best BlackBerry has produced. The phone is very powerful and can take on enterprise as well as personal tasks with ease. The 8 MP camera is average while the battery is better than that of the Z10, easily giving over a day in regular usage.

NIDHI SINGAL

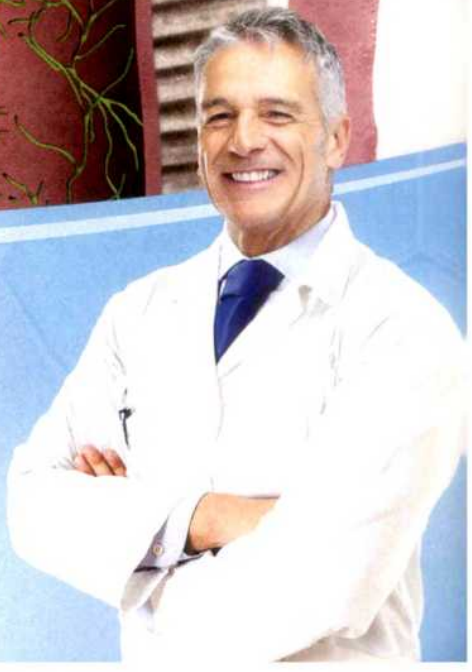
Keypad
Performance

Price
Lack of top apps

SENSITIVITY PAIN GONE.
REPAIR ON.

ENAMEL REPAIR
+
GUM PROTECTION*

RAPID RELIEF + REPAIR
WITH HAP MINERAL FORMULA



PM'S PUNDITS

The UPA government has often come under fire for its policy paralysis. This perception has gained ground even though Prime Minister Manmohan Singh has a host of advisors guiding him. The advisors so far have had mixed impact – only some have been listened to, for some of the time. A closer look at what the various advisors to Singh have achieved in the UPA's nine years in power

Graphic by **Santosh Kushwaha** • Research by **Jyotindra Dubey**

National Innovation Council

Set up in 2010

Chairman: Sam Pitroda, entrepreneur and tech expert

NIC analyses and helps implement strategies for innovation in India

Key Initiatives:

- Recommended an India Inclusive Innovation Fund to promote grassroot innovations
- Working with the Ministry of Human Resource Development (HRD) to create a Meta University, a first of its kind venture in India to promote multi-disciplinary learning

Impact:

- The Union government is setting up a ₹5,000-crore India Inclusive Innovation Fund
- HRD Ministry is launching 1,000 scholarships under the National Innovation Scholarship Scheme

SAM PITRODA

SONIA GANDHI

National Advisory Council

Set up in 2004

Chairperson: Sonia Gandhi

NAC provides inputs to the government on policy formation

Key Initiatives:

- Right to Information Act, National Rural Employment Guarantee Act (NREGA), Right to Education Act and, National Rural Health Mission are based on NAC recommendations during UPA I
- It is now spearheading the National Food Security Bill (NFSB) and the Land Acquisition Bill

Impact:

- It was able to push many of its recommendations during the UPA's first term
- It has struggled, though, to evolve a political consensus on NFSB and Land Acquisition Bill during the UPA's second term

Prime Minister's Economic Advisory Council

Set up in 2004

Chairman: C. Rangarajan, former RBI governor

The PMEAC is an independent body constituted to give economic advice to the Prime Minister

Key Initiatives:

- The PMEAC comes out with periodic reports on the state of the Indian economy which are widely followed
- It has opposed the provisions of NREGA and NFSB
- Rangarajan also recommended complete decontrol of the sugar industry

Impact:

- PMEAC's recommendations are often ignored. The government pushed ahead with NREGA and NFSB despite Rangarajan's opposition
- Decontrol of sugar has been cleared by the Cabinet Committee on Economic Affairs

National Skill Development Council

Set up in 2009

Advisor to the Prime Minister, NSDC: S. Ramadorai, former CEO of IT giant TCS

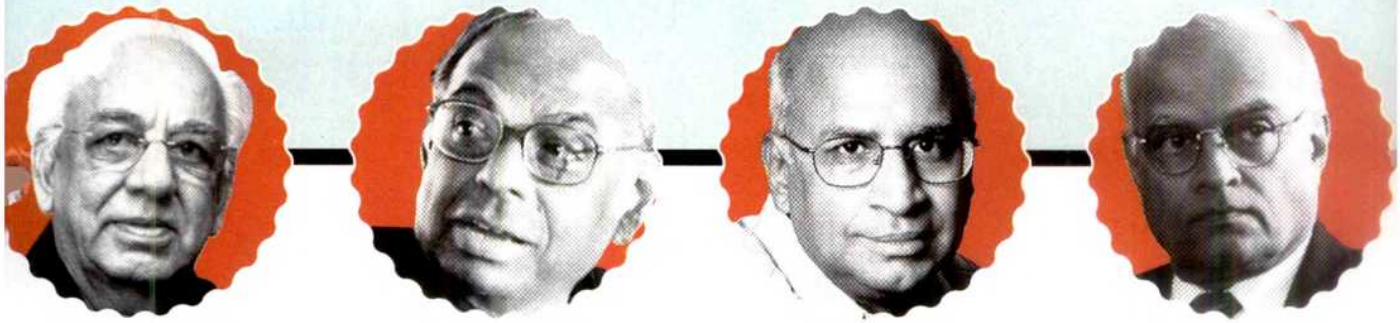
NSDC has the mandate to develop a strategy for skill development in India

Key Initiatives:

- Held workshops on skill development with NGOs and public sector enterprises
- Has evolved skill development models which could train a large number of people

Impact:

- Various agencies such as NSDC, Planning Commission, Ministry of Labour and Ministry of HRD, are working on skill development leading to duplication of work



V. KRISHNAMURTHY | C. RANGARAJAN | S. RAMADORAI | SHIVSHANKAR MENON

National Manufacturing Competitiveness Council

Set up in 2005

Chairman: V. Krishnamurthy, former member, Planning Commission

NMCC was given the task of evolving a policy blueprint to boost manufacturing in India

Key Initiatives:

- Worked on a National Manufacturing Strategy to increase the share of manufacturing in GDP to at least 25 per cent by 2025
- The council also prepared a draft of the National Manufacturing Policy

Impact:

- The Union government accepted some of its recommendations in the National Manufacturing Policy 2011
- NMCC, Ministry of Commerce and Planning Commission are all working on similar projects and there is duplication of work

National Security Council

Set up in 1998 by the Atal Bihari Vajpayee government

Agency Executive, National Security Advisor: Shivshankar Menon, former Indian diplomat

NSC is the apex agency looking into the country's political, economic, energy and strategic security concerns

Key Initiatives:

- Talks with China on border disputes
- Proposed a National Counter Terrorism Centre (NCTC) to bolster internal security

Impact:

- Some progress in Indo-China talks on border disputes
- Little progress on NCTC yet

OTHER ADVISORS:

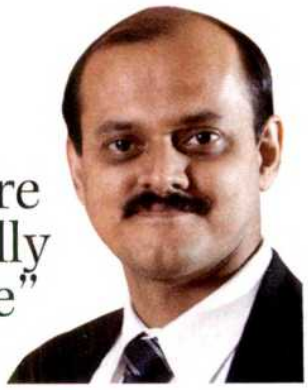
- **Pankaj Pachauri,** Communications Advisor. A veteran journalist, he advises the PM on media communications
- **T.K.A. Nair,** Advisor to PM, Ex-Principal Secretary to the PM
- **C.N.R. Rao,** Head of the Scientific Advisory Council to the PM. Rao is a former member of the Planning Commission

"The RBI has enough fire power to deal with rupee volatility and will intervene in the forex market as and when required"

Montek Singh Ahluwalia, *Deputy Chairman, Planning Commission, to wire agencies*

"We are not insulated from what is happening in the world. My request is, we should not react and panic"

P. Chidambaram, *Union Finance Minister, to wire agencies*

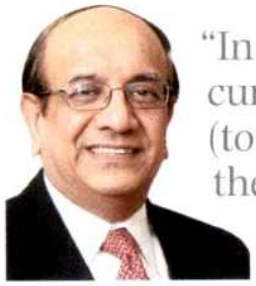


"Quicker policy reforms are needed to substantially ease pressure on the rupee"

Samiran Chakraborty, *Head (India research), Standard Chartered Bank, to wire agencies*

"IT IS REALLY BIZARRE FOR ANY CENTRAL BANK TO OPENLY KEEP SAYING THAT IT WILL NOT INTERVENE WHEN THERE IS ALREADY PRESSURE ON THE CURRENCY TO WEAKEN AND GLOBALLY THINGS ARE SO UNCERTAIN"

Rajeev Malik, *Economist, CLSA, in* Deccan Herald

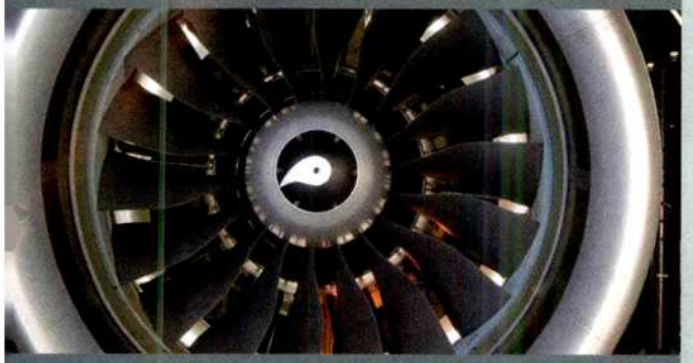


"In the shorter term you might say that currency depreciation may be beneficial (to the IT industry) ... but the majority of the contracts we take on are on long-term basis for five years"

Som Mittal, *Nasscom President, to wire agencies*

Also see *A Long Way Down, Page 50* ▶

Otis



Pratt & Whitney

Sikorsky

UTC Aerospace Systems

Technologies United.

Innovative elevators and escalators.

Powerful jet engines and turbines.

Versatile, multi-mission helicopters.

Advanced aviation systems.

Energy-efficient HVAC and refrigeration.

One Powerful Idea.

United Technologies is committed to building a better India – today and tomorrow.

United Technologies

Cheap Shot

If you got a gift you found cheap or embarrassing, would you let the gifter know? Two ladies who recently held their same sex wedding in Ontario, Canada, did just that. A live-in couple who gifted them a food hamper were told off in unambiguous language through messages on Facebook. The brides pointed out that the catering cost per guest at the wedding was higher than the price of the present the couple gave them.

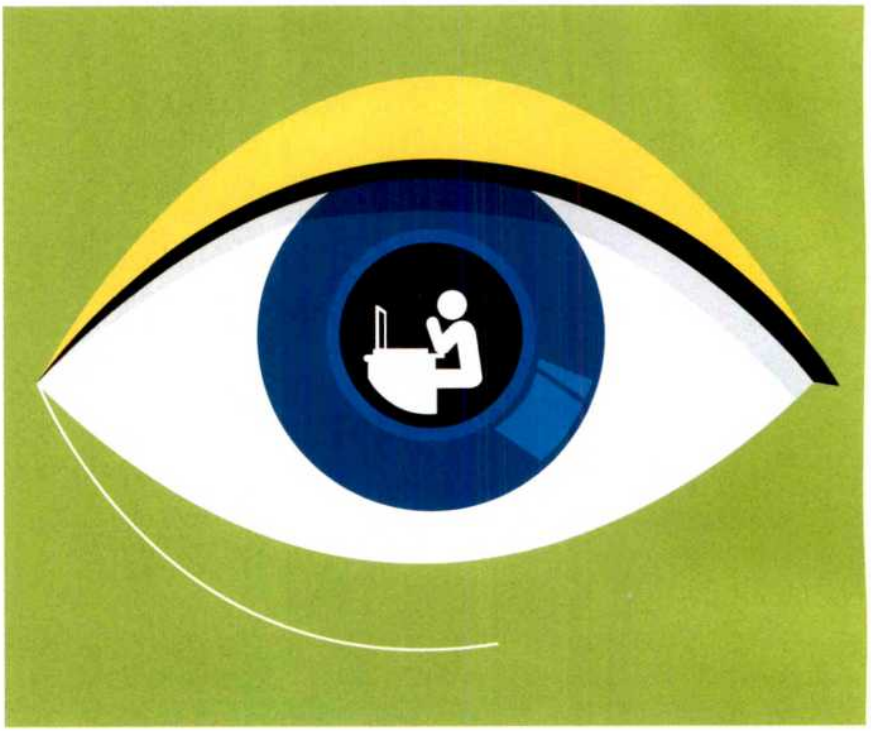
Eye Dandy

The world's most expensive sunglasses, made for Swiss luxury retailer Chopard by Italian eyewear maker De Rigo Vision, are on display at Paris Gallery outlets in Dubai. There are diamonds adorning the frame which have been set using a special technique that helps to modify the quality of light going through the lenses. They have been on sale since last December. The cost of a pair: Dh1.5 million (₹2.4 crore).

Stalled Flow

Funds have stopped flowing for the high profile Ganga and Yamuna Action Plans. The environment ministry says it does not have the resources to support them. When started more than two decades ago, both projects were fully Centrally funded with some Japanese support. From 2001, the cost is being shared with beneficiary states on a 70:30 basis. But the ministry now finds the burden too much.

HOW THINGS WORK



SANTOSH

Snooping to Conquer

The revelations of whistleblower Edward J. Snowden, about the extent of tapping and intercepting being carried out by the US's National Security Agency, have shocked many. Practically all telephone calls, emails, Internet chats and activity on social networking sites across the US and parts of Europe are under its watch as part of programmes called 'PRISM' and 'TEMPORA'. What is the extent of surveillance in India?

Laws: Section 5 of the Indian Telegraph Act allows "interception of telephone messages", but only under special circumstances. Currently around 9,600 telephone lines across the country are being legitimately tapped, according to press reports. But there is no privacy law to prevent state agencies from seeking call records from telephone operators, or accessing every kind of communication over the Internet. With the ever-present terrorist threat, the government has been steadily increasing its surveillance in recent years, especially after the terror attack in Mumbai on November 26, 2008.

BlackBerry battle: The privacy offered by BlackBerry devices used to be one of their biggest attractions. The high level of encryption provided by BlackBerry's Enterprise servers made intercepting the data transferred impossible. But after the Mumbai attack, the home ministry raised security concerns, insisting it be provided with the encryption keys. BlackBerry initially resisted, but ultimately agreed to set up interception facilities in Mumbai and has since handed over this infrastructure to Indian agencies.

Latest developments: India has launched a wide-ranging surveillance programme that will give security agencies and even income tax officials the means to tap directly into telephone calls and emails. The Central Monitoring System, as it is called, first announced in 2011, has been reportedly operational in select parts of the country, including the capital, since April.

COMPILED BY BASUDHA DAS

Take a seat in one of the world's most comfortable ergonomic chairs.

Meet some of our family — Embody®, Setu™, Aeron®, Celle®, Mirra®, Mirra 2® and SAYL™.

Each is an original, authentic Herman Miller design. Each balances advanced ergonomics with responsible manufacturing and superior craftsmanship. At Herman Miller, we're so confident in the quality of our task chairs that each one comes backed by a warranty unmatched in the industry – 12 years, parts and labour included.

Visit our website today to find your nearest Herman Miller dealer.

Herman Miller Furniture (India) Pvt Ltd

Safina Towers Pvt Ltd,
No. 3, 5th Floor, Ali Asker Road,
Bangalore. 560 052. India
M +91 9845324444
E info_india@hermanmiller.com

Available at:

AHMEDABAD
Searce

BANGALORE
Bearys Innomark

CHENNAI
Buildcraft Interior

COCHIN
Prime Commercial Solutions

HYDERABAD
Richi Interiors
Seating World Extension

KOLKATA

LUDHIANA
Comfits Collection

MUMBAI
Workrite

NEW DELHI
CI Living
Workplace Synergies

PUNE

HermanMiller
hermanmiller.com/asia

ALFRED GUSENBAUER

The Transatlantic Free-Trade Imperative

A deeper trade integration between the European Union and the US would boost global economic recovery

The confirmation of Michael Froman as the US Trade Representative is a fitting moment to highlight the many opportunities that a free-trade agreement between the European Union and the United States would offer Europe, America, and the world.

Today's three-tier global economy – 6 per cent growth in emerging markets, 2 per cent growth in the US, and no growth in Europe – shows ominous signs of paralysis and nationalistic unilateralism. Many see currency wars looming.

In such an economically insecure global environment, riddled with protectionist booby traps, a free-trade pact between the world's two largest trading blocs, accounting for roughly 40 per cent of global GDP, has never been more important. Historically, free trade and economic growth have gone together, as have protectionism and stagnation, and deeper trade integration of the US and EU economies would strengthen growth on both sides of the Atlantic.

HISTORICALLY, FREE TRADE AND ECONOMIC GROWTH HAVE GONE TOGETHER, AS HAVE PROTECTIONISM AND STAGNATION

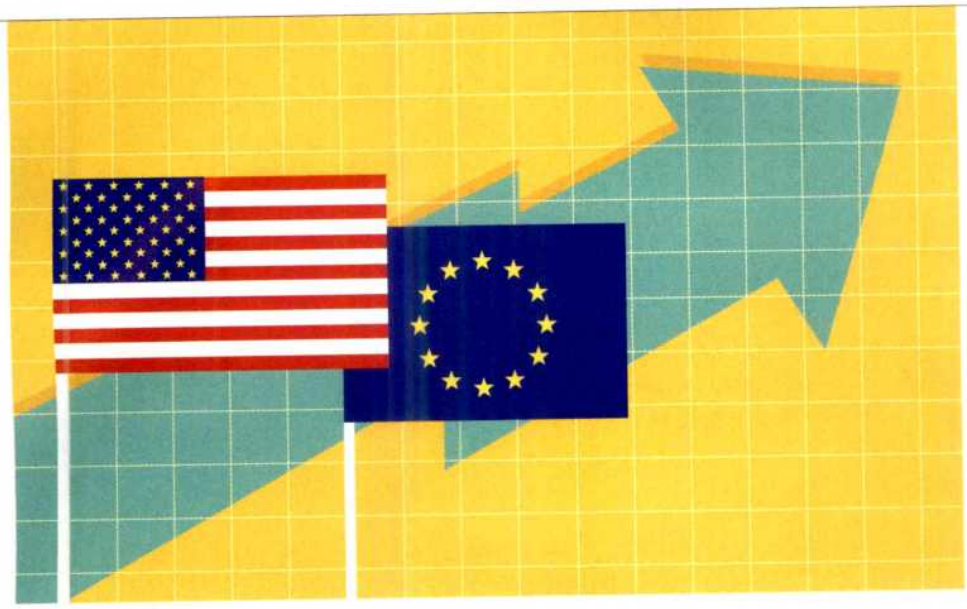
The US economy's projected 2 per cent growth this year, despite a 1.8 per cent-of-GDP cut in government spending, implies real private-sector growth of 3.8 per cent. Although both the Federal Reserve and the European Central Bank have actively intervened to boost economic recovery, the results could not be more different.

In the US, the banking crisis was tackled rapidly and in a sustainable manner, while Europe is still going from one bailout to the next. Moreover, America's stimulus program obviously worked (notwithstanding criticism from the left for being too small, and attacks from the right for being too large). Another contributing factor may be a basic difference in mentality: many Europeans tend to overemphasize risk when assessing opportunities.

In any case, America is the first country in the recession-stricken part of the global economy where public stimulus has led to enough private investment and growth that fiscal consolidation has become possible. The more America and the EU grow together, the more the EU will benefit from the US recovery.

Demand for European goods will increase, and the EU's member states can – and should – align their economies with US growth. History suggests that the hope for a self-sustained recovery in Europe might well prove deceptive; almost always, the European economic cycle has followed and reinforced that of the US. Today, for example, a prolonged recession in Europe is, alongside budget cuts, generally seen as posing the greatest risk to a sustained US recovery.

Labor costs in the US industrial sector are currently 25 per cent lower than the European average. Even more significant, however, are the differences in energy costs, which are now up to 50 per cent lower in the US – a gap that is likely to widen further as



SANTOSH

America's shale-gas revolution continues.

This has led energy-intensive European industries – including producers of glass, steel, chemicals, and pharmaceuticals – to invest heavily in the US. Often, they manufacture high-quality upstream products, which are then processed further in Europe. The Austrian steel producer Voestalpine AG, for example, will start producing steel pellets in the southern US that will then be upgraded to high-quality alloys in Austria.

The combination of lower production costs in the US and Europe's world-class finishing capabilities is a recipe for first-rate products at competitive prices. In this way, European investment is contributing to the re-industrialization of the US while simultaneously ensuring high-quality European jobs.

But Europe must do more to reinvigorate its own manufacturing sector. The last attempt to create an EU-US free-trade zone, under President Bill Clinton, failed because of the EU's rigid, antiquated agricultural policy. A new effort would help Europe to replace its agricultural policy with a research-and-development policy aimed at boosting industrial competitiveness.

Despite all the lip service paid at multilateral summits to policy coordination, imbalances within the global economy are fueling a rise in tensions. At a time when many are seeking salvation in nationalism, an EU-US free-trade zone would be a powerful symbol of cooperation in overcoming global challenges.

The increasing economic weight of Asia is also a geopolitical game-changer. China's massive arms build-up shows that economic power without military power is only a temporary phenomenon. So the focus in world politics is shifting from the Atlantic to the Pacific.

Europe should know where it belongs. An EU-US free-trade zone would strengthen transatlantic political bonds and effectively refute the frequent lament that America has lost interest in Europe.

In his second inaugural address, President Barack Obama called an EU-US free-trade zone a core project of his second term. Secretary of State John Kerry repeated this during his visit to Germany this spring. Now it is up to export-oriented EU countries like Germany, the Netherlands, Sweden, and Austria to press for action on the American offer of negotiations.

AN EU-US FREE-TRADE ZONE WOULD BE A POWERFUL SYMBOL OF COOPERATION IN OVERCOMING GLOBAL CHALLENGES

Europe has engaged in navel-gazing for long enough. Its malaise has raised questions about whether its democratic capitalism will survive the economic challenge posed by authoritarian and quasi-authoritarian regimes.

I, for one, prefer making political decisions to wallowing in doubt and self-pity. A transatlantic trade pact would align both economies with the fundamental interests of the West. ◆

Alfred Gusenbauer was Chancellor of Austria in 2007-2008. *© Project Syndicate*

Building a stable IT infrastructure for the Indian films business

With growing global interest in the Indian film industry and increasing number of digital platforms, Indian films are being distributed and watched more than ever before. Moreover, with high-definition (HD) films and graphic intensive files replete with computer-generated and altered imagery becoming more prevalent, it has become increasingly important to have sufficient storage to manage this explosion of "Big Data".

Like most others in the industry, Yash Raj Films Pvt. Ltd. (YRF), the sole privately owned film studio in India was struggling to cope with this rising demand. It was becoming increasingly inconvenient and time consuming to locate and respond to each request for film content with its films stored across multiple disparate devices. YRF realized that it needed a single solution that would enable it to archive its ever-expanding film catalogue for future audiences. YRF accordingly explored multiple storage options from different vendors but ultimately it was Dell's EqualLogic solution that matched its requirements perfectly.

Delivering a centralized, scalable storage to meet YRF's growing archives

Dell EqualLogic virtualized storage solution **powered by Intel® technology** has completely transformed the way business is done at YRF. With all its films now archived in a single location, YRF has the ability to expand its audience reach for both current and back catalogue films. Dell's centralized solution has enabled it to respond to requests within days now as against weeks, and deliver exactly what its partners and media require. Another major advantage was the snapshot restoration feature of the Dell EqualLogic SAN which enable YRF to restore a single frame that may have been corrupted, rather than having to restore the entire film. This alone saves YRF a sizeable amount of time and ensures that it experiences no delays during the film's promotion and distribution. Another important advantage of this solution is that YRF can seamlessly integrate its digital asset management software with the Dell EqualLogic storage solution - a crucial interoperability feature that is not available with any other solution in the market.

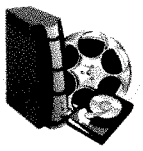
Dell's dedicated and highly scalable storage solution has provided YRF with a unified, stable and secure platform for all its film archives. This in turn enables simplified film management and facilitates a higher level of services to its partners and customers across the world. As things stand today, YRF is indeed well poised to ride the digital wave, powered by Dell EqualLogic.

To know more on how Dell Enterprise Solutions & Services, **powered by Intel® technology**, can help you overcome your business challenges, visit www.dell.co.in/domore

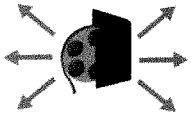
Important Dell Details: DELL's TERMS AND CONDITIONS: All sales subject to Dell's terms and conditions, see http://www.dell.co.in/tnc OR provided on request. MISTAKES: While all efforts are made to check pricing and other errors, inadvertent errors do occur from time to time and Dell reserves the right to decline orders arising from such errors. MORE INFORMATION: Go to http://dell.co.in/details.
TRADEMARKS: Intel and the Intel logo are trademarks of Intel Corporation in the U.S. and/or other countries.
© 2013 Dell Inc. All rights reserved.

The Challenge

Multiple storage devices for archived films



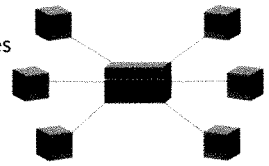
Expanding film catalogue



Risk of hard drive failure and loss of data assets

The Strategy

Single, centralized archive ensures security and ease of access



Results

Simplified management

Faster and more accurate responses to requests

Comprehensive protection for the entire film catalogue

Significant time and costs savings with snapshot restoration feature

Easily accessible film catalogue

An Urgent Agenda

The Uttarakhand floods are a small part of the problem. The country must brace itself for bigger climate change disasters with severe economic implications.

By GOUTAM DAS

As the heaviest rains in five decades pounded Uttarakhand mid-June, they washed away, among other towns, the picturesque village of Bhyundar, where trekkers often rested before climbing further to the Valley of Flowers. This village of 99 families became prosperous running hotels, shops and managing the garbage created by tourists. Now, most of them need a new beginning –in a different town.

"We can't rebuild houses in the village," says Neha Chauhan. The former Bhyundar resident is in a relief camp 28 kilometres from home. "There are only rocks now and all the land is lost," she adds.

Environmental analysts call people like her 'climate refugees' or 'environmental migrants' – people forced to flee home because of natural disasters. Scientists warn that India could easily have millions of such refugees in coming decades as droughts become more severe, sea levels rise, monsoons get wetter, and Himalayan glaciers melt.

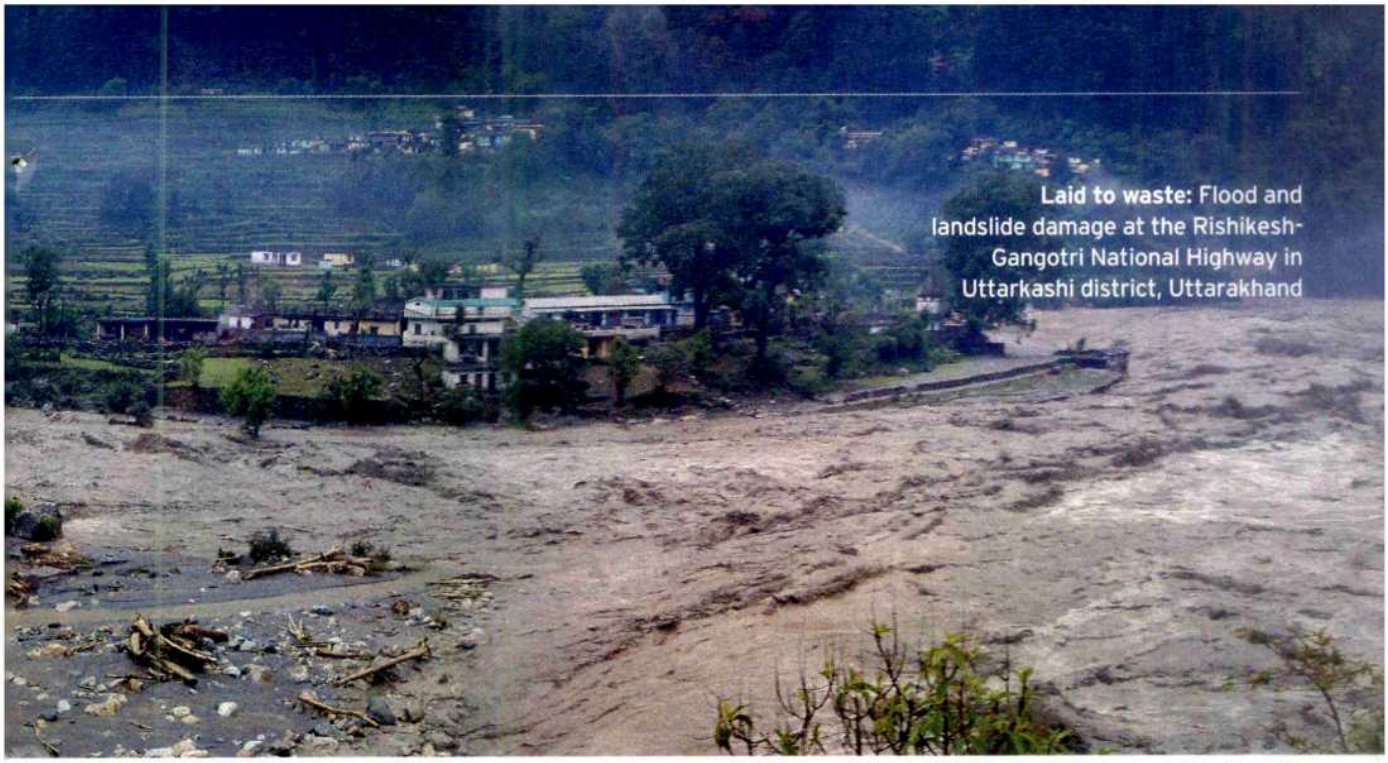
Global warming may not be the only reason for the disaster in Uttarakhand – nor for other recent natural calamities, such as Hurricane Sandy in the United States – but it certainly plays a prominent role. And

IMPACT IN INDIA

An extremely wet monsoon that occurs once in **100 years** may occur every 10 years by the end of this century

Kolkata and **Mumbai** are vulnerable to extreme river floods, intense tropical cyclones, rising sea levels, and high temperatures

Significant reduction in crop yields because of rising temperature and erratic rainfall. Some **63 million** people may no longer be able to meet their caloric demand



Laid to waste: Flood and landslide damage at the Rishikesh-Gangotri National Highway in Uttarkashi district, Uttarakhand

ANIL SHARMA

its economic implications are serious. The World Bank, in a recent report, warns that climate-related extreme events could push households into poverty. In India, global warming is likely to hurt agricultural production, fishing and tourism, and deflate asset prices in low-lying coastal regions. A 2007 Lehman Brothers report had noted that every two-degree rise in temperature would knock five per cent off India's GDP. According to World Bank, the world has heated up 0.8°C above pre-industrial levels, and many experts warn of catastrophic events if it gets another three degrees hotter.

"There are two things happening to India now," says V. Ramanathan, professor of Climate Sciences at the Scripps Institution of Oceanography in California, one of the world's top centres for ocean and earth science research. "One is global warming, and the other is local air pollution. As far as the Himalayan glaciers are concerned, both global warming and air pollution are affecting the glaciers."

Many studies have concluded that the Himalayas are heating up fast – when the world is four degrees hotter, the Himalayan glaciers will have heated at two to three times the global average rate. The melting of glaciers will mean more flash floods and water shortages in decades ahead, as rivers fed by the glaciers dry up. A report prepared for the World Bank by the Potsdam Institute for Climate Impact Research and Climate Analytics estimates that by the 2050s, with the temperature 2°C to 2.5°C above pre-industrial levels, water for agricultural production in the river basins of the Indus, Ganges and Brahmaputra will be reduced and this could affect food adequacy for 63 million people.

Some economists say India may have erred in encouraging too much rice cultivation, and should have thought about climate-proofing its farmers. "Neglect of millets has not been a very smart thing to do," says Shreekant Gupta, adjunct faculty at the Lee Kuan Yew School of Public

The eastern equatorial Indian ocean has grown substantially warmer – almost

1°C

– over the past 57 years. Fish species are moving deeper into the sea

Substantial reduction in the flow of the

Indus and Brahmaputra

in late spring and summer

Asset prices

in low-lying coastal areas could deflate

Source: World Bank and BT Research

THE PRICE MUMBAI WILL PAY

Dislocation due to extreme flooding every five years	Material damage due to extreme events every five years	Mortality costs due to extreme flooding every five years
₹408cr	₹6,413cr	₹3,050cr

Rain of terror: Monsoon flooding in Mumbai streets in 2005 (top and middle) and 2009 (bottom)

Policy in Singapore. "Millets are more hardy crops. By betting on wheat and rice after the Green Revolution, we have made our agriculture more climate-sensitive." Both rainfall and temperature matter in rice cultivation, and a warmer India with more erratic rainfall is not good news for rice yields, he says. Rice is the most important cereal food crop in India. According to the International Rice Research Institute, around 65 per cent of India's population eats rice, and it accounts for 40 per cent of the country's food production.

Cash crops will be affected, too, by not only water shortages but also unpredictable monsoons. "Intense rainfall will increase when the earth heats up, and moderate rainfall will decrease," says Ramanathan. "Intense rainfall can cause floods. The worst hit will be the farmers, because monsoons will be erratic and they wouldn't know when to plant. Second, air pollution can destroy cash crops by as much as 10 to 20 per cent." The World Bank says that an extremely wet monsoon, which currently has a chance of occurring once in 100 years, is projected to occur every 10 years by the end of the century.

The impact of global warming on coastal India could be equally ruinous. The World Bank report cited earlier says that Kolkata and Mumbai are potential impact hotspots, threatened by extreme floods, more intense tropical cyclones, rising sea levels and very high temperatures. The fisheries industry is vulnerable, and there are already signs that warmer waters are hurting it.

The Energy and Resources Institute (TERI) recently concluded coastal vulnerability studies for West Bengal and Maharashtra. "Most of the fish species are moving deeper into the sea where the water is cooler," says Suruchi Bhadwal, Associate Director, Earth Science and Climate Change, TERI. "The catch is getting affected near the shoreline. In terms of fresh water fish, the species we used to find in the middle-level stream of the Ganges have moved to the upper levels – cooler waters – which indicates that the tolerance level for certain kinds of species for temperature has changed for breeding."

Bhadwal says that in West Bengal's South 24 Parganas district, where there is an increased surge of

Disability-adjusted life-years lost due to waterborne diseases
₹3,153cr

Building foundation damage due to rising sea level
₹15lakh cr*

Decline in number of tourists
₹20lakh cr**

Cumulative costs from 2005 to 2050 * Estimated cost for 2050 ** Estimated cost for 2050 compared with base year 2005
Source: Rakesh Kumar, NEERI, Mumbai

seawater into the coastland because of storms, people have started using farmland for prawn cultivation. "They have changed the agriculture practice," she says. "People are getting a good price for prawn cultivation, but the damage that salt water does to the land is huge. You will not be able to revert to agriculture. It is not a sustainable shift."

So what should India do?

The country faces increasing pressure from the global community to reduce its emission of greenhouse gases, which contribute to global warming. The US Secretary of State John Kerry, during his recent visit to New Delhi, urged India to cooperate in global efforts. While developed countries want India and China to cut emissions by reducing energy consumption, India argues that any such measure would slow economic growth and job creation.

"We have an urgent need to connect the dots," Kerry said in a speech. "When the desert is creeping into East Africa, and ever more scarce resources push farmers and herders into deadly conflict, where people are already, in parts of the world, fighting over water, then this is a matter of shared security for all of us."

He said countries needed to work together to phase down hydrofluorocarbons – potent greenhouse gases that come from air conditioners, refrigerators and industrial appliances. "We can eliminate the equivalent of roughly two years' worth of current global emissions by the year 2050 if we were to do that," he said. "India can join China and the United States and other major economies in order to rapidly develop joint technology and pilot programs for low- or no-carbon strategies, which are essential."

The US, however, did not ratify the Kyoto Protocol, an agreement under which most developed nations pledged to reduce combined emissions by at least five per cent between 2008 and 2012, against 1990 levels. The US argued that the protocol excluded developing countries from emissions reduction compliance. Like many other countries, it has its own voluntary goals. A new global deal is expected to be signed in 2015.

Whether the global community can get India to ratify any agreement is a matter of speculation. But the country does need to move faster on its National Action Plan on Climate Change, laid out in 2008. The plan has eight missions, which cover sustainable agriculture, sustainable habitats, the Himalayan ecosystem, strategic knowledge for climate change, solar energy, energy efficiency, increasing forest cover, and conserving water. TERI's Bhadwal says only two missions have made progress – the solar mission and one energy efficiency. "We haven't heard much of the others," she says.

Climate change perhaps affects the poorest the most. Sunil Kainthola runs a small ecotourism company, Mountain Shepherds, in Uttarakhand. The floods have resulted in an immediate loss of ₹10 lakh, as he cancelled four treks. The company employs 14 locals and they will have nothing to do until mid-September, by when Kainthola hopes the region's damaged bridges will be rebuilt. Loss of livelihood is a heavy price to pay. ◆

The To-Do List

Speed up National Action Plan on Climate Change

Encourage investment in and promote clean energy

Rethink agriculture, increase millet cultivation

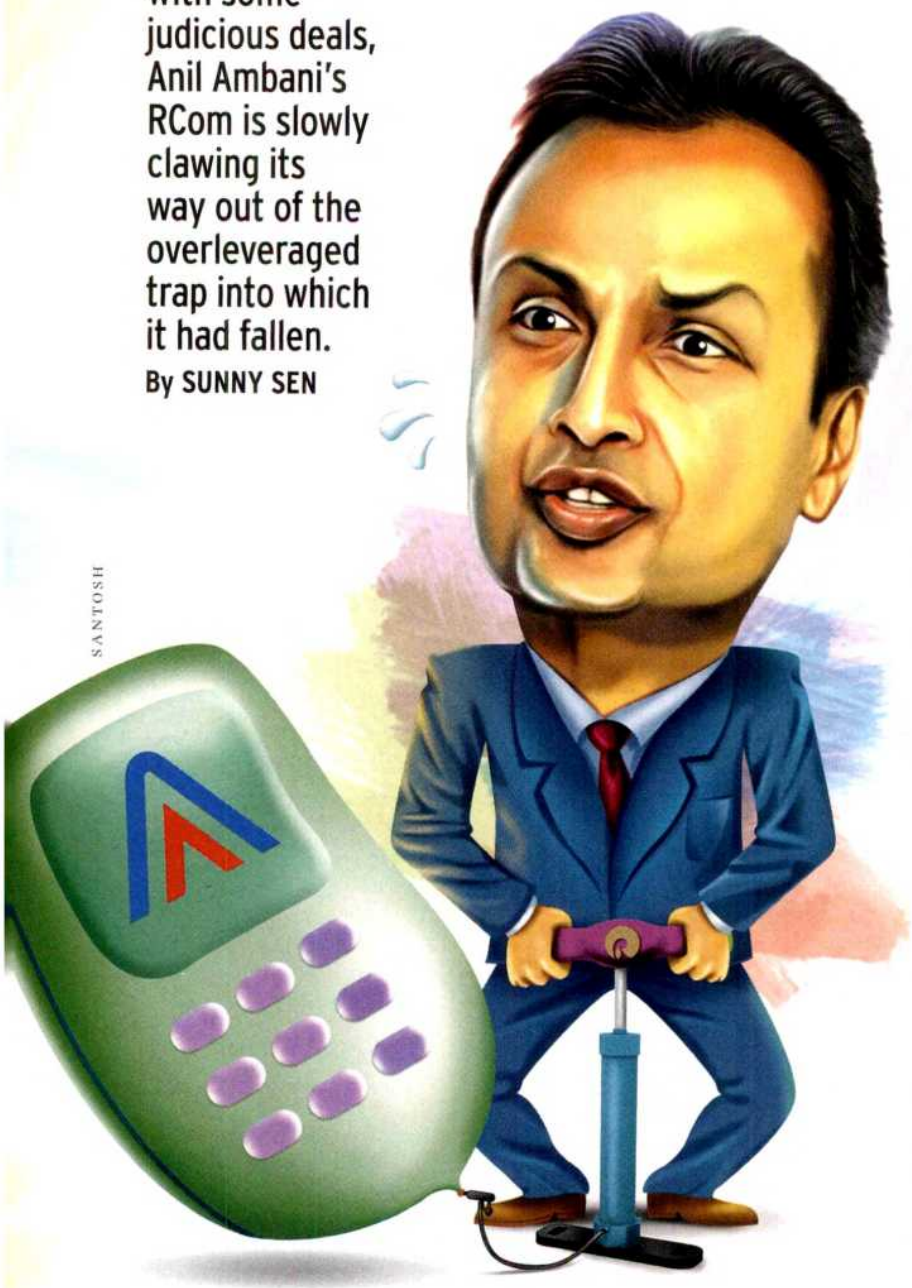
Improve **drainage systems** in coastal cities such as Mumbai

Send your comments to editor.bt@intoday.com

Second Wind

With some judicious deals, Anil Ambani's RCom is slowly clawing its way out of the overleveraged trap into which it had fallen.

By SUNNY SEN



SANTOSH

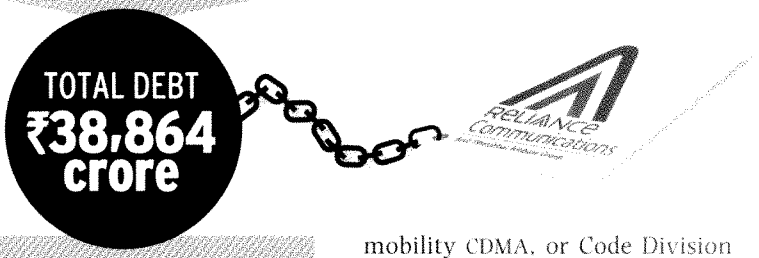
Anil Ambani has put on his running shoes again. And it's not for the Mumbai marathon, where the Reliance Group chairman makes an occasional appearance. Nor is it for his daily morning run. Dhirubhai Ambani's younger son is getting ready to sprint ahead in the telecom business by turning around Reliance Communications, his ₹20,561-crore telecom venture, which he got in 2005 as part of the historic settlement with his elder brother, Mukesh Ambani.

Reliance Communications, popularly known as RCom, has not exactly been in the pink of financial health lately. Its revenues have been almost flat for years, it is saddled with a debt of ₹38,864 crore. Its share price has plunged 86 per cent from its peak in January 2008. It has slipped from being the country's No.2 telecom operator after Sunil Mittal's Bharti Airtel to a distant No.6. "RCom's net debt ... and net debt/EBITDA of six times remains a concern, though recent infrastructure sharing deals would aid deleveraging," Shobhit Khare, analyst with equity firm Motilal Oswal, wrote in a June report.

But the younger Ambani is hoping to claw his way back to the top of the telecom business again through some clever business deals. The reconciliation of the Ambani brothers will certainly help turn around RCom's financial fortunes. Five years after they scrapped an agreement that prevented them from competing in each others' businesses, RCom and Mukesh Ambani's Reliance Jio Infocomm sealed a ₹12,000-crore deal in May to share RCom's nationwide telecom towers infrastructure.

The 15-year agreement came about a month after the two companies had signed an earlier deal, an

DESPERATELY SEEKING SOLVENCY



inter-city optic fibre sharing agreement, which is expected to add ₹1,200 crore to RCom's coffers. Yet one more deal, an intra-city optical fibre sharing deal with Reliance Jio is on the cards, and is expected to get RCom another ₹3,500 crore. "We are looking at a comprehensive agreement with Reliance Jio. We have finished two out of three – the inter-city and the tower deals," says Gurdeep Singh, CEO of the wireless business at RCom. "The next logical step is to work on the intra-city."

Also on the anvil is a plan to sell Reliance Globalcom's undersea cable unit FLAG Telecom, estimated to bring in another ₹6,000 crore. If everything falls in place, RCom's debt will drop to ₹28,000 crore while the annual interest payout will reduce to ₹1,800 crore from ₹2,600 crore. Already, RCom's share price has leapt to a 52-week high following the infrastructure-sharing agreements.

Some insiders say RCom might even be an investment option for Mukesh Ambani. A senior telecom association member feels RCom is being restructured so Mukesh can pick up a stake or use its assets for his own telecom operations. "RCom will get a better deal from the brother than in the open market," he says.

Of late, market talk about African telecom operator MTN picking up a big stake in RCom has also gathered momentum. MTN declined comment on the issue. "In line with internal corporate governance, as well as Johannesburg Stock Exchange requirements, MTN does not comment on market speculation," MTN Group Investor Relations executive Nik Kershaw said in an email response.

Anil Ambani is not alone in his efforts to overhaul RCom. With him is his trusted friend, Amitabh Jhunjhunwala, a relationship that goes back to the 1980s. In 1993, Jhunjhunwala founded Reliance Capital, the Reliance Group's finance arm. He also built the group's entertainment business from scratch, acquired Adlabs in 2005 and negotiated a joint venture with Hollywood's iconic studio, Steven Spielberg's DreamWorks. And Gurdeep Singh, who quit Aircel to join RCom less than a year ago, is part of the core turnaround team too.

Some market experts say it may not be that easy for RCom to get back on track. The company's biggest business blunder was to bet big on limited mobility CDMA, or Code Division Multiple Access technology, for the longest time. The big drawback of this technology is that it limits a customer's handset options – its SIM cards cannot be used in other mobiles. The company shot itself in the foot by concentrating on increasing its CDMA footprint while other operators expanded their GSM (Global System for Mobile communications) operations.

GSM was developed in Europe, and over the years has become the default technology for mobiles in most parts of the world. RCom had GSM spectrum in only eight circles until it got a pan-India licence in 2008. Due to this skewed division, Ambani's RCom did not make money from either GSM or CDMA services. Its revenue from CDMA subscribers stagnated, remaining at 65 per cent of RCom's total revenue in 2010/11. Meanwhile, Airtel, Vodafone and others grew fast on GSM. There was no device eco-system, so there was decline in our revenue," says Singh. "But we started the new (GSM) circles and have reversed the trend."

Revenues were also slow because most new generation phones did not have a CDMA option. But the belated RCom's shift to GSM is already paying off: GSM accounts for 65 per cent of total revenue now. Over the next few months, the company will focus on transferring CDMA voice subscribers to the GSM network and use the CDMA network for data services. "Data on a CDMA network is far superior to 3G," says Mohammad Chowdhury, telecom industry leader at PricewaterhouseCoopers. "If you look at Tata Photon and (Reliance) NetConnect, they are much better than some GSM operators."

Although some market experts are sceptical about the dual-technology model, RCom is banking on changes in technology. Smarphones

HOW RCOM INTENDS TO REDUCE IT

₹1,200 crore*
to come from **inter-city** optical fibre network sharing deal with RIL

₹3,500 crore*
to come from **intra-city** optical fibre network sharing deal with RIL

₹6,000 crore
to come from sale of **Globalcom** assets

Debt will come down to:
₹28,164cr

In addition, the
₹12,000 crore
tower deal with RIL will yield ₹800-900 crore per year over 15 years, which will be used for interest payouts

*Estimates Source: Industry/ BT Research

For previous stories on RCom, go to
www.businesstoday.in/archives-july2113

"The mandate from the parent is to enhance our significant capability in the market and get returns on the assets deployed"

GURDEEP SINGH, CEO of Wireless, Reliance Communications

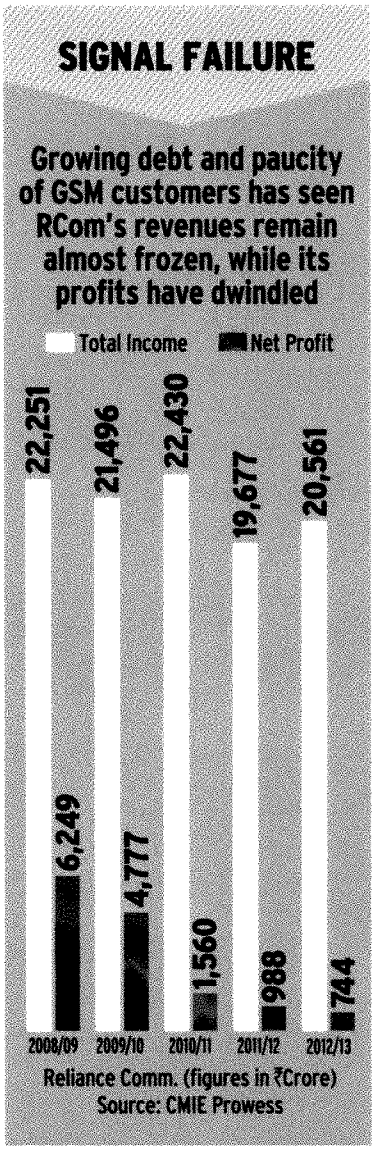
like the iPhone and the Galaxy series from Samsung, now use CDMA chips as well as GSM cards in the US. RCom has tied up with Lenovo to launch dual-mode devices, which will be available from the end of June. "So in the hands of the consumer, there will be no difference between a CDMA device and a GSM device," says Singh.

RCom has taken other steps to bump up revenues. It has written off 24 per cent of its inactive subscriber base and improved its average revenue per user by 7.5 per cent. It also increased tariffs in November. The moves have begun paying off: the company's mobile Internet customer base grew 6.5 per cent to 29.4 million users on a quarterly basis in March while its 3G customer base grew 18 per cent to 7.2 million users.

RCom is pinning its hopes on 3G spectrum in the metros, especially Delhi and Mumbai, where it competes with only Airtel and Vodafone. Singh says the limited number of players in the 3G market will work to RCom's advantage. In the coming months, it will try to grab most of the so-called churn subscribers, or people getting new connections. It is aiming to pick up 14 to 15 per cent market share of the additional revenue that telecom operators will generate.

Singh says when he joined he realised RCom was rich in assets, but did not have equivalent market share. "The execution capability of the company had to be moved up," he says. "The mandate from the parent is to enhance our significant capability in the market and get returns on the assets deployed."

Some experts say the recent telecom agreements suggest Anil Ambani is trying to make RCom more of a back-end provider to Reliance Jio. The telecom association member says investors are not happy – they feel RCom is getting a raw deal while Reliance Jio gets everything at a discount. "We consider the deal positive for RIL as it gives access to 45,000 towers, at a rental of ₹15,000 per month, lower than the industry average of ₹30,000 per month," says a Goldman Sachs report.



But it makes business sense for Reliance Jio to tap RCom's existing tower network. Laying fibre is expensive, and 65 per cent of RCom's towers are already connected through optical fibre in the very places where Jio will provide broadband services. Singh says the tower-sharing arrangement is a win-win for both. "Sharing is the most common thing now, embraced very well between operators," he adds.

The agreement to share 45,000 towers is only enough for the first phase of fourth-generation high speed broadband services by Reliance Jio. It needs more than 100,000 towers to support fourth-generation Internet services. "The agreement provides for joint working arrangements (with RCom) to configure the scope of additional towers to be built at new locations to ensure deep penetration and seamless delivery of next generation services," says a Reliance Jio statement released after the deal.

It may still be too early to draw any conclusions about future arrangements. For now Anil Ambani has managed to reduce his company's debt and is getting the customer-facing business of 2G, 3G and CDMA on track. Is that good enough for MTN to pick up a stake in RCom? Will RCom become a backend support system for Reliance Jio while MTN runs the customer-facing businesses?

Singh laughingly dismisses these questions as market speculation. "What will I comment on this?" he says. "Every six months, I suddenly become the sexy lady on the floor who everyone wants to marry." ◆

Send your comments to editor.bt@intoday.com

When was the last time you learnt something for the first time?

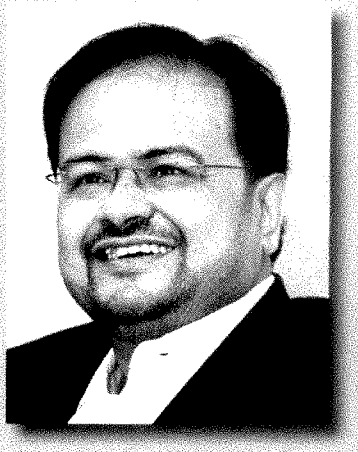
"**Take a day in your life.**

What did you learn to do differently today? In the knowledge economy, your real work is learning.

If you are a leader, you have learnt faster than your competition. Now you have to learn faster and deeper than you have learnt before. Leaders have to learn to aspire, to imagine. Your aspiration should be greater than your resources. Leaders are harvesters of hope. Leaders are traders in trust. Leaders leave behind footprints for others to follow.

At IIMK's Management Development Programs, our values, ideas, tools and the environment are aligned to create an inspiring learning ecology.

At IIM Kozhikode's world class campus...leave your footprints as a leader! We welcome you to a learning retreat in God's own campus."



Prof. Debashis Chatterjee
Director, IIM Kozhikode

Corporate Leadership

- Creating a leadership pipeline for Reliance, GMR, NTPC ...
- CEO workshops for executive directors of 32 Nationalized banks

Academic Leadership

- Partnership with Yale University, World Bank, UNESCO to conduct programs for Vice-chancellors & IIT/IIM Directors
- 'Gurukul for Gurus' impacting 11000 school heads and teachers
- TEQIP

Governance and Leadership

- Leadership workshop for Chief Minister and the Kerala Cabinet
- Workshops for IAS, IPS, IES and Indian Army

Entrepreneurial Leadership

- Creation of the Indian Business Museum
- Executive education in our satellite campus in Kochi
- Specialised workshops for women entrepreneurs

Societal Leadership

- CREST to support the underprivileged
- Unique curriculum on environment and social responsibility

IIM Kozhikode's footprints so far !

Indian Institute of Management Kozhikode

Globalizing Indian Thought

http://iimk.ac.in/mdp

A Rough Summer

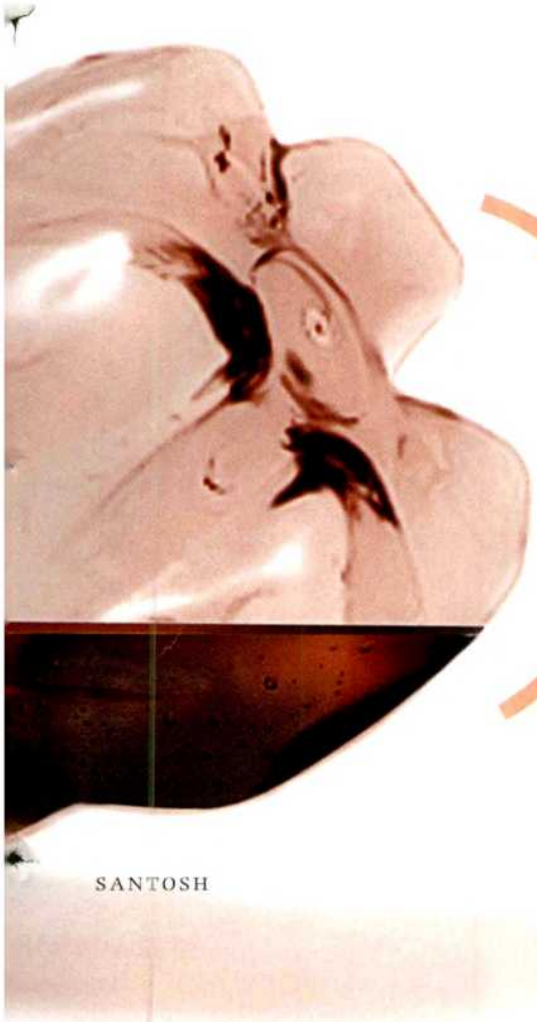
The president's departure and underwhelming market share numbers were just two of the crushing blows. By SHAMNI PANDE and AJITA SHASHIDHAR

PepsiCo India has taken quite a pounding lately. Its title sponsorship of the Indian Premier League did not go too well. As if that wasn't bad enough, media reports based on Nielsen retail audit data said it lost vital market share to arch-rival Coca-Cola India. In an aggressive marketing move, Coca-Cola cut the price of its returnable glass bottles from ₹10 to ₹8. And PepsiCo India president Manu Anand quit.

Many in the industry say PepsiCo's ₹160-crore IPL spend for the year was too much to begin with. Coca-Cola India was not even present for the bidding for this year. To make matters worse, a betting controversy hit the headlines mid-way through the matches, drawing attention away to the Board of Control for Cricket in India (BCCI) and the cricketers who were allegedly involved.

Some argue, however, that the cricket sponsorship was not all bad. "I do believe IPL 6 was a success for Pepsi – it got mind shares that were big," says Harish Bijoor, Brand Specialist and CEO, Harish Bijoor Consultants. But he also points to the "hurtful" disrepute resulting from the betting controversy, and says: "I do believe Pepsi should consider pulling out of IPL altogether until the game format cleans up its act."

Sunil Alagh, Founder and Chairman of SKA Advisors,



SANTOSH

IN HOT WATER

₹160-crore sponsorship of controversy-marred IPL 6

Abrupt exit of president Manu Anand

Growth hurt by slowdown in consumption

Coke **slashes price** of returnable glass bottles to **₹8**

PepsiCo **still trailing** Coca-Cola India in market share

says the IPL sponsorship was a good strategic marketing move. "It's in the peak summer season, which generally accounts for over 60 per cent of annual sales and has high viewership," he says. "However, they have paid a very high price... in terms of value for money spent, it has not been a success."

The company does not agree. "Yes, we have consciously stepped up our marketing spend this year, compared to the past, but it was a good decision," says Deepika Warrier, Vice President of Marketing for beverages at PepsiCo India. "All measures show that our visibility was high during the IPL matches."

She quotes Repucom International, which runs an independent sponsorship evaluation business matrix, to say that brand Pepsi had the lion's share during the season, with a 67 per cent share of exposure among the central sponsors. She also cites the Brand Buzz Index, an independent monitoring body that measures online traction, to show that Pepsi is gaining mileage over many brands, including Coke.

But Pepsi's woes are about more than a season of brand exposure. The company's senior management has seen some key departures, with the most recent being India head Manu Anand's sudden resignation in June. Last year, Varun Berry, former CEO of PepsiCo Foods, quit, and Punita Lal, former head of a PepsiCo-Tata Global Beverages joint venture called NourishCo, announced a sabbatical.

Industry observers are quick to link Anand's departure to PepsiCo's performance issues, but the company denies this. Sources say Anand is set to join US confectionery giant Mondelez in an Asia-Pacific role.

A source in a leading executive search firm says PepsiCo has not responded swiftly enough to replace key people, and news of departures has tended to get bunched, suggesting poor management rather than lack of leadership talent. The company appears to have been caught off guard and the delay in announcing a successor suggests a lack of planning.

To be fair to PepsiCo, all vacancies so far have been filled internally. "The recent exit appears to be abrupt, but the company has filled all its positions through backfills and has a large pool of Indian talent," says K. Sudharshan, Managing Partner, EMA Partners International, a global executive search firm.

For instance, Pratik Pota, who headed PepsiCo's

South Market Unit, took over at NourishCo. Gautam Mukkavilli returned from his Dubai posting as Senior Vice President in charge of the Global Nutrition Group for Asia, Middle East and Africa to take over as CEO India Beverages, and Praveen Someshwar, who was CEO India Beverages, took charge as CEO, India Foods.

But the buzz about performance issues refuses to die down. According to Nielsen data obtained from industry sources, Coca-Cola India has 56.7 per cent of the market, while PepsiCo has 34.1 per cent. NourishCo, formed in 2010 to launch health beverages, is moving slowly.

Many analysts say that despite its head start in the market, PepsiCo has failed to overtake Coca-Cola, which strategically acquired local brands Thums Up and Limca in 1993 from Parle Products. Its recently launched cola Atom is seen by critics as a "me-too" product that seeks to rival Thums Up.

"Coke's front-end market strategy has been well honed," says Bijoor. "Its price-point edge has been superior as well. Coke has activated the market at the top of the pyramid with just as much panache as it has oiled and activated the market at the bottom. As of today, Coke is most certainly ahead."

He adds: "Coke has a 360-degree smart strategy in place. Pepsi has got it right in parts, but has gaps as well – gaps that point to the loss of valuable market share points."

SKA Advisors's Alagh says PepsiCo lost out tactically to Coke this summer. "Not because of poor strategy but weak execution," he says. "Also, their new product Atom suffers in terms of taste, and there seems to be uncharacteristic slowness in their response to Coke's pricing move of ₹8 per bottle."

It is early days yet for Atom. "We launched Atom as consumption patterns reveal a clear need for a stronger cola in a certain age bracket," says Warrier. She adds that Pepsico is in the midst of rolling out a new pricing strategy to take on Coke's price cut.

"We have had double-digit revenue growth this year, and we have been high on innovation," says Gautam Mukkavilli, CEO Beverages, PepsiCo India. "Moutain Dew remains the fastest growing beverage brand in the industry."

One of the innovations he is referring to includes the pilot launch of Tropicana juice in powder form, sold in sachets priced at ₹10 in Bangalore and Mumbai. It has also launched Nimbooz Masala Soda in North India.

Coca-Cola India has been perfecting its reach and strategy not only with tactical price cuts but also by increased spending on marketing and visibility. For example, local events such as Thums Up's Jalsa initiative seeks to rope in rural audiences with action-based events. The company has also embarked on an environment-friendly initiative to use solar-powered cooling equipment to overcome the vagaries of power supply in the country.

A Coca-Cola spokesperson says: "Sparkling beverage volume growth in the quarter was led by brand Coca-Cola at 30 per cent, and driven by strong integrated marketing campaigns and continued expansion of packaging choices to consumers."

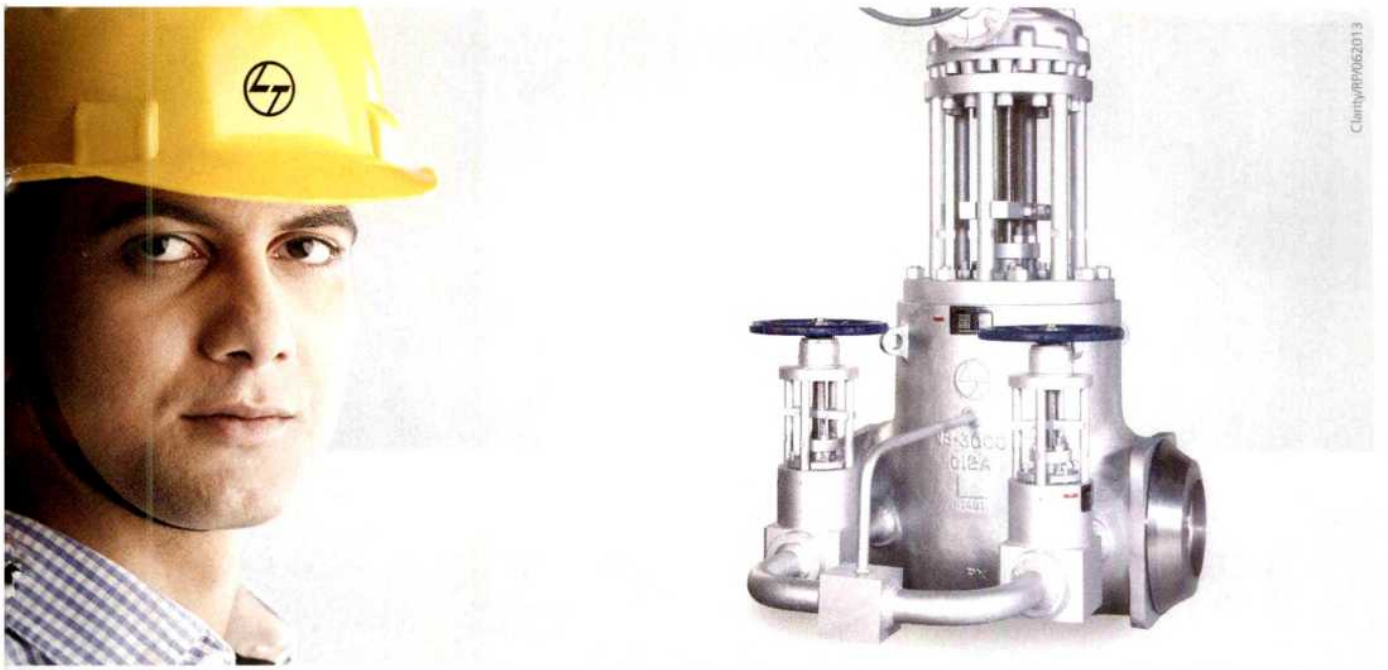
Alagh says: "The current winner in the cola battle is Coke, but the winner of the war is yet to play out." ◆

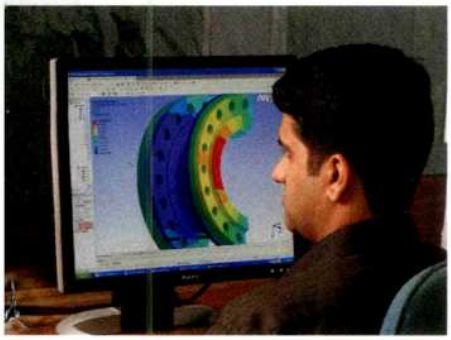
Send your comments to editor.bt@intoday.com

www.Lntvalves.com

A New Face. A New Pace

AIL is now L&T Valves Limited





The leader in flow-control has a new identity - L&T Valves Limited. We have integrated the erstwhile AIL with L&T's manufacturing and marketing operations in the valves domain.

And we have woven a fifty-year track-record of achievement with the well-recognized commitment to excellence of L&T's Machinery & Industrial Products business.

All of it to serve you better. With greater agility and sharper focus.

Our new seamless organization offers high-end products for key sectors of the economy: oil & gas, power, petrochemicals, chemicals, fertilizers and pharmaceuticals.

And it is geared to set a new benchmark in customer service.

Get in touch with us today. Experience the new L&T Valves.

L&T Valves Limited
Mount - Poonamallee Road, Manapakkam, Chennai 600089, INDIA
Tel: +91 44 2249 8201 Email: contactus@Lntvalves.com

L&T Valves

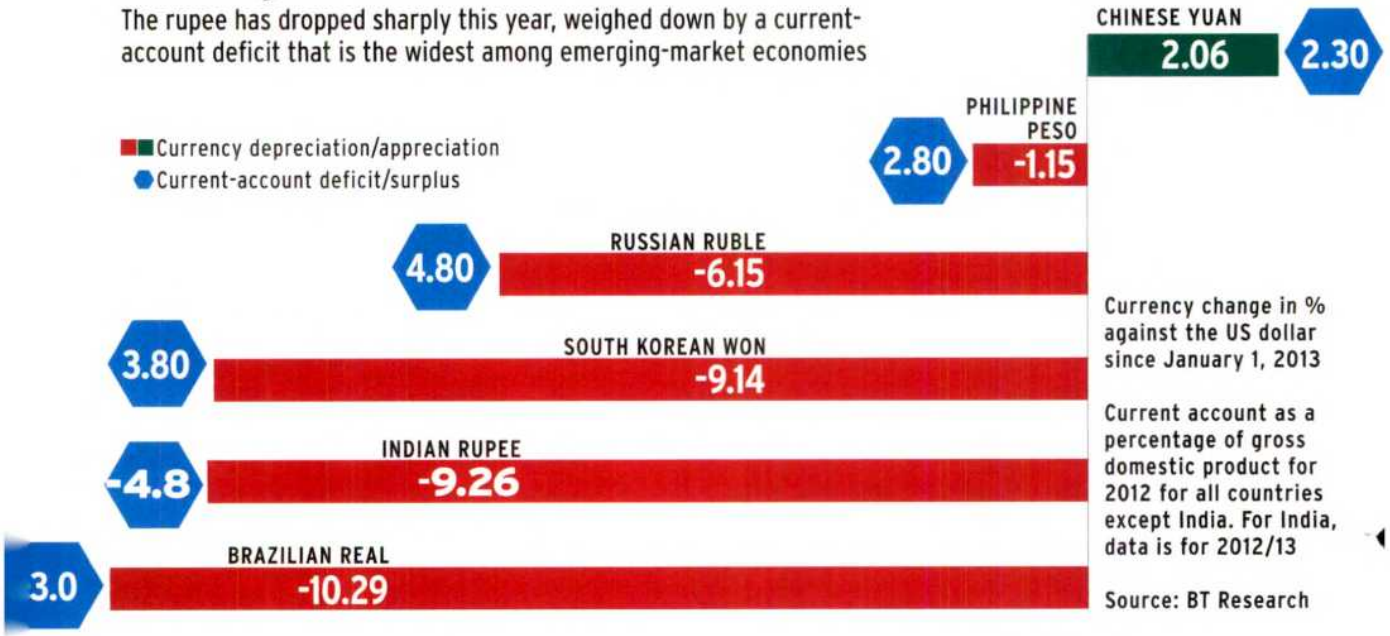
A wholly owned subsidiary of Larsen & Toubro

A LONG WAY DOWN

The rupee has lost half its value since 2008. And the descent does not seem to be over yet. By ANAND ADHIKARI

At High Risk

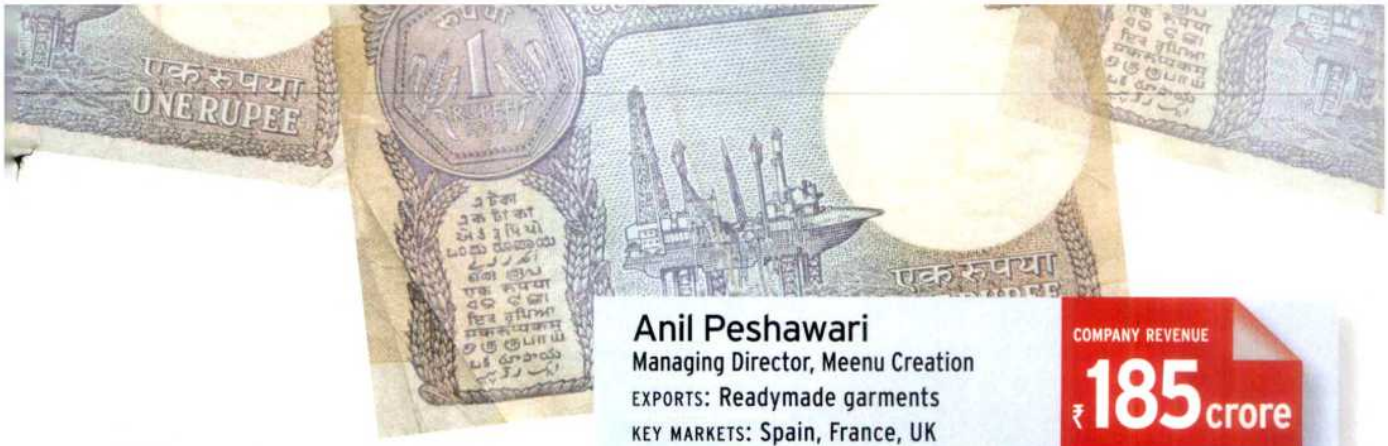
The rupee has dropped sharply this year, weighed down by a current-account deficit that is the widest among emerging-market economies



Currency change in % against the US dollar since January 1, 2013

Current account as a percentage of gross domestic product for 2012 for all countries except India. For India, data is for 2012/13

Source: BT Research



Anil Peshawari

Managing Director, Meenu Creation
EXPORTS: Readymade garments
KEY MARKETS: Spain, France, UK

COMPANY REVENUE
₹185 crore

"A weak rupee impacts positively in the short term"

Depreciation's impact on business: A weak rupee impacts positively in the short term. The biggest advantage is the country becomes more competitive. In the past three years, the rupee has dropped about 25 per cent while the yuan has risen nine per cent. So, some Indian products are cheaper than Chinese goods. If I can reduce prices by 10 per cent due to a weak currency, I stand a good chance of getting an order.

Challenges posed by a weak rupee: India will pay more for oil imports. As diesel prices go up, the cost of raw material, overheads, transportation, chemicals, and processing of fabrics rises.

Stable rupee and global growth versus depreciation and global economic uncertainty: As an exporter I would prefer global uncertainty and a weak rupee. Our rivals' currencies are either going to appreciate or remain stable, whereas the rupee can fall by 10 per cent in a matter of one month.

Exchange rate likely on January 1, 2014: Around ₹64

As told to Sarika Malhotra

Sanjay Bhatia, Managing Director at Hindustan Tin Works, is a worried man these days. The exporter of tin cans says business environment has turned for the worse in recent months because of a steep drop in the rupee. Isn't a weak local currency good news for exporters such as Hindustan Tin? Usually it is. But not if they also import. Like Hindustan Tin does. The New Delhi-based company with annual revenue of ₹300 crore says it is reducing imports of tin plate, its main raw material, and increasing local sourcing. Besides, customers are putting pressure to cut prices as they know the company gains from a weak rupee. This is hurting its margins. "Stability is critical for business planning," says Bhatia. "Unstable situations like this disturb my cash flows."

Bhatia is one of several exporters who haven't benefited much from the rupee's drop to record lows against the US dollar. Government data show exports for the April-May period were little changed at $48.67 billion compared with $48.57 billion a year earlier. Importers have suffered too, as they need to pay more rupees for every dollar. The local currency has dropped nearly seven per cent in June alone to breach the psychological barrier of 60 to a dollar, as foreign funds pulled $7-8 billion from the country's equity and debt markets.

The rupee's sharp slide is not a sudden development. It has lost half its value since touching a record high of 39.13 to a dollar in October 2007 on the back of massive foreign inflows. While net foreign direct investment in 2007/08 doubled to $15.89 billion, net foreign institutional investment jumped four times to $27.43 billion. The rupee started falling in 2008 when the global economy went into a tailspin. By March 2009, the local currency had slipped to 52 versus the greenback. It strengthened over the following year as India managed to avoid the worst of the global turmoil. The bullish sentiment didn't last long, and the rupee resumed its downward trend in the second half of 2011 as the economy began to slow and the current-account deficit widened.

To be sure, the rupee is not the only emerging-market currency that is weakening. The Brazilian real, the Korean won and the Russian ruble have dropped, too (see *At High Risk*).

The rupee is more vulnerable

because of India's high current-account deficit – the excess of imports over exports of goods, services and private transfers. The gap was 4.8 per cent of gross domestic product in 2012/13, or almost $88 billion, fuelled by higher imports of crude oil and gold. India funds this deficit with the help of foreign inflows. But investors have pulled money from India in recent months as the local economy slows and they bet on a US economic revival after the Federal Reserve said it will gradually withdraw its stimulus package. "We are more susceptible to knee-jerk reactions because of heavy reliance on foreign inflows in both equity and debt," says Ajay Srinivasan, CEO, Aditya Birla Financial Services Ltd. "We have no domestic sources of savings to counter a sudden outflow of funds from our financial markets."

Analysts and bankers say that currency traders have overreacted and that the government's efforts will soon support the rupee. "Global developments seem to have overshadowed many structural steps taken by the government to increase

Growing Burden

The share of external commercial borrowings (ECBs) in India's total debt is increasing

dollar inflows," says Krishnamoorthy Harihar, India treasury head at South African lender First Rand Bank. Lalit Kumar Jain, President, Confederation of Real Estate Developers Association of India, agrees. "It (the drop) is more of a panic reaction. I see the rupee stabilising at 55 to a dollar by the end of this year," he says.

Over the past year, the government has eased foreign direct investment rules in sectors including aviation and retail. It is looking to relax foreign investment rules in defence, media and telecommunications sectors. Capital-markets regulator Securities and Exchange Board of India has eased norms for foreign institutions to invest. And the Reserve Bank of India (RBI) has lifted control over interest rates on non-resident deposits. This boosted remittances to $65 billion in 2012/13 from $43.5 billion in 2007/08.

The central bank has also relaxed rules for external commercial borrowings (ECB) in several sectors including low-cost housing and aviation. This has helped companies raise

M. Srinivas, CEO, Opto Circuits (India)
EXPORTS: Medical monitors, digital thermometers
KEY MARKETS: US, Europe

COMPANY REVENUE ₹2,357 cr

"Without stability, exports will suffer"

Depreciation's impact on business: We bill in dollars mostly and in euros in some cases. It is a good time to convert foreign currency into rupees. To pay for imports, we can keep this money in Exchange Earners Foreign Currency accounts.

Challenges posed by a weak rupee: It is a tough call. If we have more exports than imports, then we don't have to worry much. We stand to gain.

Stable rupee and global growth versus depreciation and global economic uncertainty: We prefer a stable rupee and global growth. Without stability, exports will suffer.

Exchange rate likely on January 1, 2014: ₹50-52.

As told to K.R. Balasubramanyam

■ ECBs as percentage of total debt
Source: RBI

funds overseas at lower interest rates, pushing up the ratio of ECBs to total debt to more than 30 per cent in 2012 from less than 20 per cent seven years before (see *Growing Burden*). The pitfall is that these loans could put more pressure on the rupee at the time of repayment.

Some bankers and analysts feel the RBI has remained a mute spectator to the rupee's steep fall. "The RBI's hands are tied," says a banker on condition of anonymity. They say the RBI should have strongly intervened in the foreign-exchange market to support the local currency. The central bank's stated position is that it intervenes in the foreign-exchange market only to reduce extreme volatility and not to defend the rupee at any particular level. Deputy Governor H.R. Khan said in late June the RBI will take all necessary steps to protect the rupee.

Still, the RBI has sold dollars on several occasions to prop up the local currency. This is evident from a fall in India's foreign-exchange reserves. Since 2007/08, the reserves have dropped almost $20 billion (see *Running for Cover*). More importantly, the reserves are now sufficient to meet the country's import bill for only seven months. Five years ago, the reserves were enough to cover imports for more than 14 months. While there is still some cushion, some analysts have pointed to the similarities of the current situation with the 1991 crisis when India was left with barely enough reserves to cover imports for less than a month.

Finance ministry officials deny such similarities. They say the government has taken steps to boost exports and curb imports, especially of gold, to control the current-account deficit and ease pressure on the rupee. Gold is India's second-biggest import item after crude oil, and the government has increased the import duty on the yellow metal four-fold to eight per cent in the past two years to restrict purchases.

These measures are not enough, though, to control the rupee's slide. The solution lies in improving governance and policy

BT RETRO

Business Today has been continuously tracking the rupee's fall. In a July 7 story 'Painful Tumble', *BT* said the slide will likely hurt India's economic recovery

Manish Gulati, General Manager (Exports), HEG

EXPORTS: Graphite electrodes

KEY MARKETS: Middle East, Europe, Southeast Asia, Africa

COMPANY REVENUE
₹1,600 cr

"A stable environment is always better"

Depreciation's impact on business: Apart from helping us stay afloat, there isn't much gain because we also import raw material used for manufacturing graphite electrodes.

Challenges posed by a weak rupee: Not many. It is just exports minus imports.

Stable rupee and global growth versus depreciation and global economic uncertainty: Volatility is not welcome at all. It makes predictions very difficult. A stable environment is always better.

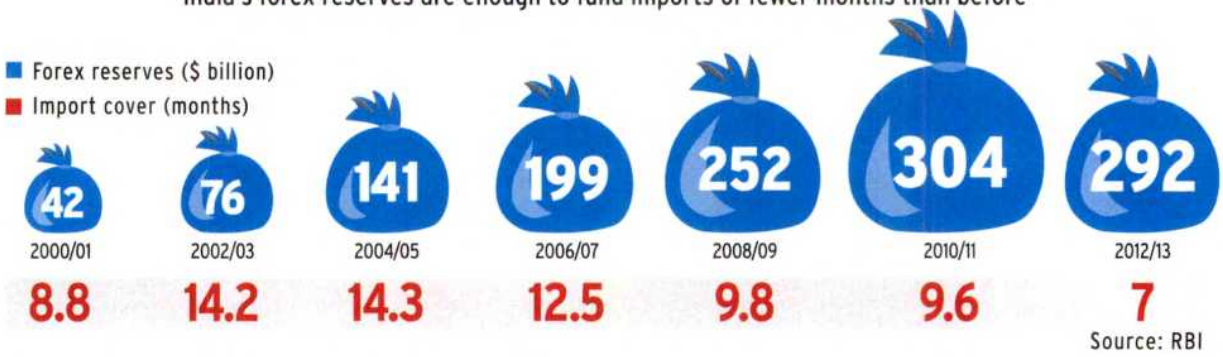
Exchange rate likely on January 1, 2014: Can't say.

As told to Taslima Khan

For previous stories on the rupee's drop, go to www.businesstoday.in/archives-july2113

Running for Cover

India's forex reserves are enough to fund imports of fewer months than before



Source: RBI

making as well as introducing structural reforms in critical sectors. The moot question, says KPMG India Director Kuntal Sur, is whether India is in a position to attract foreign direct investment given the problems in land acquisition for most projects.

Some suggest selling sovereign bonds overseas to support the rupee, though the government has denied any such possibility. "A sovereign bond has the potential to create speculation that all is not well with the currency. The timing may not be right," says a treasury head at a bank. KPMG's Sur says even if the government issues sovereign bonds to raise $5 billion, it will make little difference given the massive current-account deficit.

So, where is the rupee headed?

Bank of America and India Forex Advisors, a foreign-exchange and treasury consultancy, predict the rupee could touch 62 if it sustains above 60 for some time and there are no serious efforts to strengthen the currency. Also, if the rupee remains at elevated levels, it will be difficult for the RBI to cut interest rates despite inflation easing. "But monetary tightening is equally unlikely given its adverse impact on the economy," Irene Cheung, Asia forex strategist at Australia and New Zealand Banking Group, said in a recent report.

Not everyone is painting a grim picture. Credit rating firm CRISIL Ltd says the rupee will likely appreciate to 56 to a dollar by the end of March 2014. The recent capital outflow, it says, is a short-term phenomenon due to the withdrawal of stimulus measures by the US.

Clearly, estimates vary widely. The rupee's trajectory in coming months is anybody's guess. And people like Hindustan Tin's Bhatia will have to live with the uncertainties in the near future. ◆

ADDITIONAL REPORTING BY SANJIV SHANKARAN AND SUPROTIP GHOSH

Prashant Sabharwal

Director, Pacific Global Exports

EXPORTS: Leather garments

KEY MARKETS: Europe, Australia

COMPANY REVENUE ₹ 7 crore

"Raw material imports are severely affected"

Depreciation's impact on business: About 80 per cent of our expenditure is on imports of raw leather. We have cut imports in the past two months. Also, foreign trips for participating in exhibitions have become costlier. If we cut down on exhibitions, we will not get any business.

Challenges posed by a weak rupee: A falling rupee will be a dampener as raw material imports are severely affected.

Stable rupee and global growth versus depreciation and global economic uncertainty: We cannot plan our expenditure in procuring raw material unless the rupee is stable.

Exchange-rate projection: By next month, the rupee can fall to 61-61.5 to a dollar.

As told to Taslima Khan

FOR YOUR NOURISHMENT, WE'VE PREPARED A DELECTABLE FUSION OF GASTRONOMY AND SCIENCE.

Designed in consultation with nutritionists, our SuperFoodsRx™ menu is as appetizing to the eyes as the palate. Each dish is bursting with nutrients, antioxidants and most importantly - taste.
Learn more about our Elements of Well-Being on

WESTINWELLBEING.COM

WESTIN®
HOTELS & RESORTS

FOR A BETTER YOU

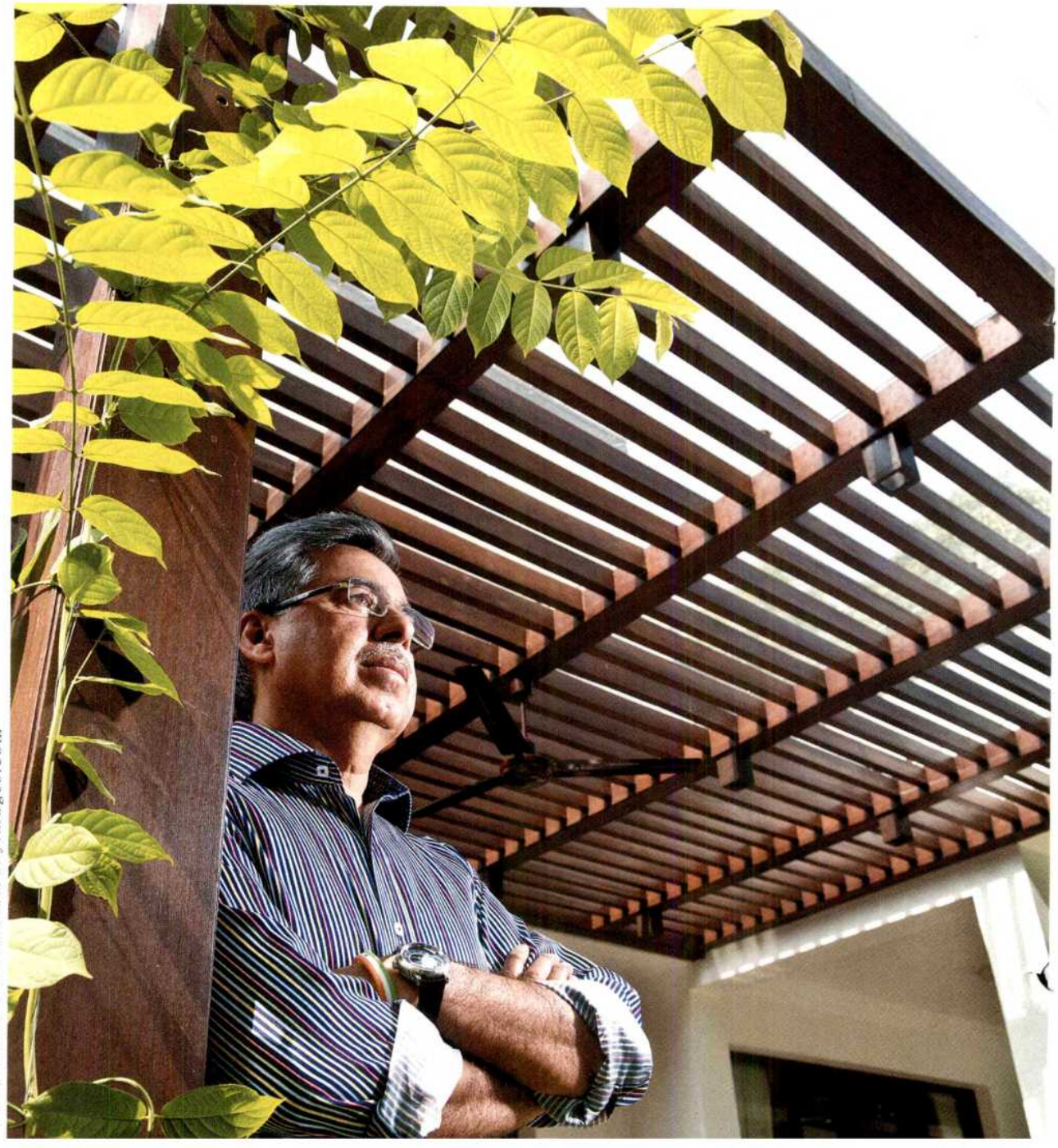
spg. Starwood Preferred Guest

MERIDIEN · aloft · FOUR POINTS · WESTIN · THE LUXURY COLLECTION · W HOTELS · Sheraton · ST REGIS · LE MÉRIDIEN

SuperFoodsRx™

©2013 Starwood Hotels & Resorts Worldwide, Inc. All Rights Reserved.

BREAKING



VIVAN MEHRA/www.indiatodayimages.com

FREE

NEW MARKETS, NEW PARTNERS, NEW TECHNOLOGIES – PAWAN MUNJAL HAS A NEW HERO IN HIS SIGHTS

By SUNNY SEN and SUVEEN K. SINHA

Pawan Munjal was nettled. Two years after his family parted ways with Honda, the Japanese giant was poking a finger in its former Indian partner's eye.

Shinji Aoyama, Honda's Chief Operating Officer for motorcycles, had told reporters that his Indian unit might overtake Hero MotoCorp by 2015/16.

The trouble was that Aoyama's cockiness did not seem overdone. Hero MotoCorp, which Hero Honda morphed into after the partnership ended in December 2010, was closing 2012/13 with a decline in sales. It was still the world's largest two-wheeler manufacturer, but questions were being asked about how long it would be before that changed.

And Honda was the only brand growing in the depressed Indian market. It had already overtaken Bajaj Auto to become the second-largest in India.

Was Hero incapable of surviving on its own after the divorce? Was the Ludhiana bicycle brand fated to do well only if it was tethered by a hyphen to a foreign mother ship? In the 26 years that the partnership thrived, all the products were Honda's; so was all the technology. "Everyone was watching us through a magnifying glass," said Munjal. "We needed to do better."

He summoned his senior team. Hero's head office in the Vasant Vihar Community Centre in South Delhi is so unprepossessing, you would be hard put to find parking space for your motorcycle outside. Munjal told his managers to come up with a big idea to revive flaccid sales.

The next morning when the team reassembled someone suggested raising the warranty on

HONDA RISES, HERO FIRM

2010/11

TOTAL TWO-WHEELER SALES

11,790,305

MARKET SHARE

45%	13%	20%
Hero MotoCorp	HMSI	Bajaj Auto

2011/12

TOTAL TWO-WHEELER SALES

13,435,769

MARKET SHARE

45%	15%	19%
Hero MotoCorp	HMSI	Bajaj Auto

2012/13

TOTAL TWO-WHEELER SALES

13,797,748

MARKET SHARE

43%	19%	18%
Hero MotoCorp	HMSI	Bajaj Auto

Source: Society of Indian Automobile Manufacturers

HONDA TOPS, HERO HOPS

2010/11

TOTAL SCOOTER SALES

2,057,604

MARKET SHARE

17%	43%	21%
Hero MotoCorp	HMSI	TVS

2011/12

TOTAL SCOOTER SALES

2,558,981

MARKET SHARE

16%	48%	19%
Hero MotoCorp	HMSI	TVS

2012/13

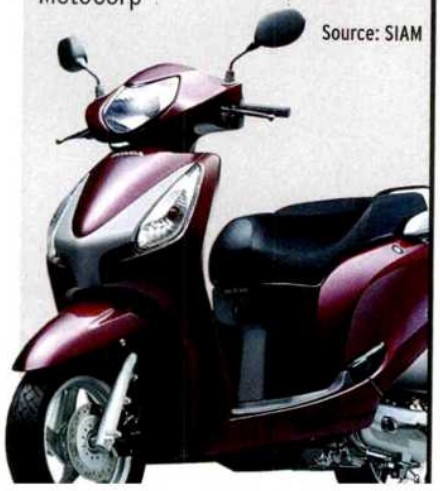
TOTAL SCOOTER SALES

2,923,401

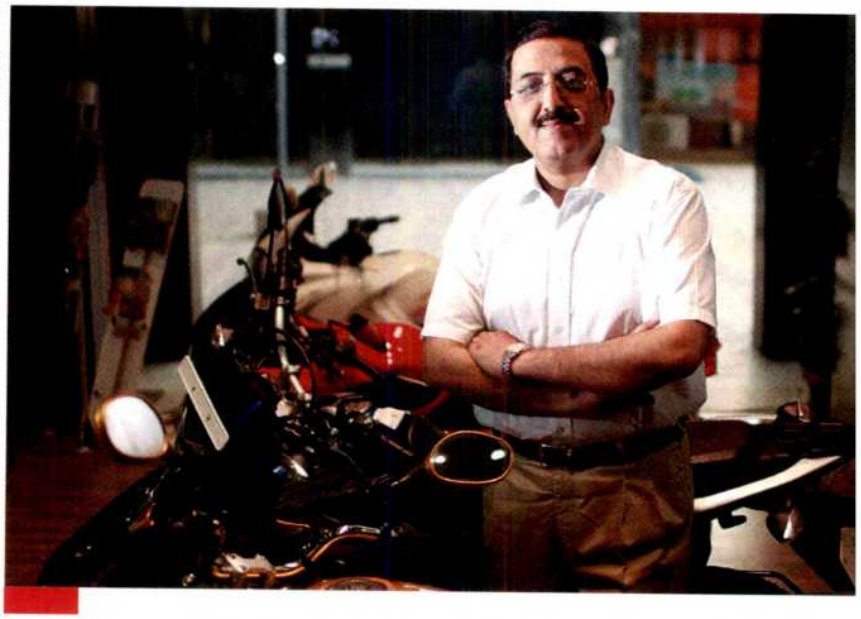
MARKET SHARE

19%	49%	15%
Hero MotoCorp	HMSI	TVS

Source: SIAM



ADITYA KAPOOR



THE PARTNERSHIP WITH EBR AND OUR ASSOCIATION WITH MOTORCYCLE RACING ARE GEARED TO STRENGTHEN OUR PREMIUM SEGMENT

ANIL DUA, SENIOR VICE PRESIDENT, SALES AND MARKETING, HERO MOTOCORP

Hero's motorcycles to five years from two. It was unheard of in the industry, but it was audacious.

It took just four days to get all the departments on message and for Hero to announce the extended warranty. The results were just as quick. The decline in sales was arrested. April 2013 ended with 8.2 per cent growth over the previous month and May with 12.1 per cent. If you count exports, Hero sold more two-wheelers in May than it ever did in any month, period. The new Hero avatar was whizzing along at a furious clip.

Used to be that things were just a little bit quicker than glacial in Hero Honda. A few years earlier when the joint venture was still intact it needed to expand capacity to meet rising demand. There was land available in Haridwar, in Uttarakhand. The state was also offering mouth-watering tax exemptions. Rival Bajaj Auto was already setting up shop in Pantnagar, in the same state. It took Hero Honda three years to go to Haridwar.

The debate, according to Munjal, "went through a loop" because it took time to convince Honda that the incentives were worth the trouble of setting up a new factory a considerable distance from the existing ones in Dharuhera and Gurgaon, in Haryana.

The Haridwar plant, which finally went on stream in 2008, currently rolls out 9,500 motorcycles every day, making it the biggest factory for Hero. The importance of the tax incentives gets magnified by the large volumes. "For someone who makes just a few hundred superbikes, these are mind-boggling numbers," says Munjal in a not-too-subtle dig at Honda, Japan's third-largest automaker.

For previous stories on Hero MotoCorp, go to www.businesstoday.in/archives-july2113

TAKING FLIGHT

Faster decision-making is just one of the changes Munjal cites when he talks about the rebranding exercise after Honda walked out in December 2010. What he is enjoying more is the freedom to penetrate new overseas markets. The Munjals now control 52.25 per cent equity in Hero, having bought out Honda's 26 per cent.

Hero Honda was confined to the Indian market. The only places it could go to abroad were Nepal, Bangladesh, and Sri Lanka. It could not go where Honda was already a significant player – and that was in 150 countries. Colombia was the only exception, because customers there liked the type of motorcycles Hero Honda made and the Indian brand was taken there as well.

Now freed of those subcontinental shackles, Hero MotoCorp has already grown its overseas presence to a dozen countries. In four years, that number is slated to rise to 30. By that time, 10 per cent of Hero's sales will be outside India. That will equal a million units, since total sales are projected to touch 10 million by then.

Currently just about 2.5 per cent of Hero's total sales of six million is outside India.

Munjal, whose full head of hair makes him look younger than his 59 years and whose office sports enough model aeroplanes to fill young boys with envy, spends more hours in flight these days than ever before. He is out of the country at least one week every month, compared with a trip out once a quarter earlier.

He started Hero's voyage with the launch of its brand in three Central American countries: El Salvador, Honduras and Guatemala. The next big launch is scheduled for July 5 in Kenya, where a factory, Hero's first outside India, is on the cards to feed East Africa. Another plant is planned in Nigeria to target West Africa. Distributors have already been signed up in Burkina Faso, Ghana and the Ivory Coast.

Munjal's next port of call is Peru in South America. And this foray bears a bit of needle – Honda is the market leader there. The needle will get sharper with Brazil, where Honda has 70 per cent of the market. There will be a factory in Colombia because two-wheelers sold there must have at least 20 per cent local content. This facility can take care of Central America, Peru and Venezuela. There could be a plant in Brazil, too, to feed the large local market, as well as Argentina and Uruguay.

Right now it is looking like a small boy going toe-to-toe with a sumo wrestler. But that's the way Munjal wants it, and that is how he sees Hero's continental shift.

MADE IN HEAVEN

Market watchers thought Hero would wobble without Honda. It did so for a while. In September last year, 13 months after the Hero MotoCorp identity was launched in London, the company's sales stood at 393,852, the lowest since the split. Honda's fully-owned subsidiary, Honda Motorcycles & Scooters India (HMSI), sold 231,455 that month, the Japanese maker's highest in India since the split.

That is how it was supposed to pan out. What was Hero without Honda? It was the tie-up with Honda in 1984 that brought the Munjals, the family behind Hero Cycles, into mo-

HONDA UP A BIT, HERO FAR AHEAD

2010/11

TOTAL MOTORCYCLE SALES

9,013,888

MARKET SHARE

55%	7%	27%
Hero MotoCorp	HMSI	Bajaj Auto

2011/12

TOTAL MOTORCYCLE SALES

10,073,303

MARKET SHARE

56%	8%	25%
Hero MotoCorp	HMSI	Bajaj Auto

2012/13

TOTAL MOTORCYCLE SALES

10,085,586

MARKET SHARE

53%	12%	24%
Hero MotoCorp	HMSI	Bajaj Auto

Source: SIAM

PATCHY PROFITS

Hero's sales have gone up, but profits have declined

FOR HMSI TO BE NUMBER ONE BY 2016, IT WILL HAVE TO GROW AT 30% AND WE WILL HAVE TO DECLINE AT 20% EVERY YEAR

RAVI SUD, CHIEF FINANCIAL OFFICER, HERO MOTOCORP

torised two-wheelers.

Hero's dominance in the pedal pushers gave it a deep understanding of the market, on the back of a formidable sales and distribution network. But every network needs a product to sell. Honda was the master of the product, and it played *sensei* (teacher) to Hero's *gakusei* (student) to the hilt.

When Honda decided to set up HMSI as its solo show in 2000, the Munjals furnished a no-objection certificate, as required by the laws of the day. In return, Honda would continue its partnership with Hero. HMSI would make only scooters for the first five years and get into motorcycles only after that. Hero was free to get into scooters, for which Honda provided the technology.

Hero Honda was the example given when people talked of successful joint ventures between Indian and foreign groups. It survived even as other two-wheeler ventures involving Indian and foreign companies foundered at the turn of the century. Honda ended its other venture in India, with the Kinetic group of Pune. Suzuki parted ways with the Chennai-based TVS Group. Italy's Piaggio ditched LML.

Hero and Honda stayed thick. So much so that Takehiko Nakajima, Joint Managing Director in Hero

Harvard Business Review

Stand tall. **Above all.**

INDIA TODAY GROUP

Preferred by **Smart, Driven** and **Successful** professionals - from young managers to CEOs, and entrepreneurs.

How about you?

Subscription Benefits

- ✓ Save up to 61%* on the cover price
- ✓ HBRSA, Same editorial content as the U.S. edition
- ✓ Unlimited access# to online archives of over 25 year of past HBR issues
- ✓ Get complimentary access to 4 live webinars worth ₹6000/- with renowned global thought leaders

*On 3 Year Print only Subscription
With Premium Subscription only

For quicker service, log on to **www.hbrsasia.org**

SUBSCRIPTION FORM

S! Please enroll my subscription to Harvard Business Review - South Asia for the term indicated below:

SELECT YOUR TERM	ISSUES	PRICE	SAVE	OFFER PRICE	GIFT
☐ 3 year Premium (Print + Online) Access to HBR archives online	36	₹34,500	51%	₹16,900	2 HBR Essential Series Book worth Rs.990/- • Decision Making: 5 Steps to Better Results • Time Management : Increase your Personal Productivity and Effectiveness
☐ 3 year Print only	36	₹27,000	61%	₹10,400	
☐ 2 year Premium (Print + Online) Access to HBR archives online	24	₹23,000	49%	₹11,700	
☐ 2 year Print only	24	₹18,000	60%	₹7,200	
☐ 1 year Premium (Print + Online) Access to HBR archives online	12	₹11,500	43%	₹6,500	
☐ 1 year Print only	12	₹9,000	56%	₹4,000	

ame (Mr./Ms.) _____

ddress _____

☐ Home ☐ Office

_____ Post Code _____ Tel (H) _____

) _____ Fax _____ Email _____ ☐ New ☐ Renew _____

hoose one: (please indicate your customer number)

Charge my credit card: ☐ VISA ☐ ☐

Card No. _____ Expiry _____ Signature _____

Enclosed is my ☐ Cheque ☐ DD No. _____ (in favour of Living Media India Ltd. For non-Delhi cheques please add ₹50)

Please tick this box to authorise HBR SA to get in touch with you.

his authorises HBR SA to communicate about its products & promotions through mail/phone/printed material / email etc. *This authorisation is irrespective of my instruction elsewhere of not to be contacted or informed over phone/email/mail e

Harvard Business Review is published monthly, except for the Jan/Feb & July/August double issues which count as 2 issues each.

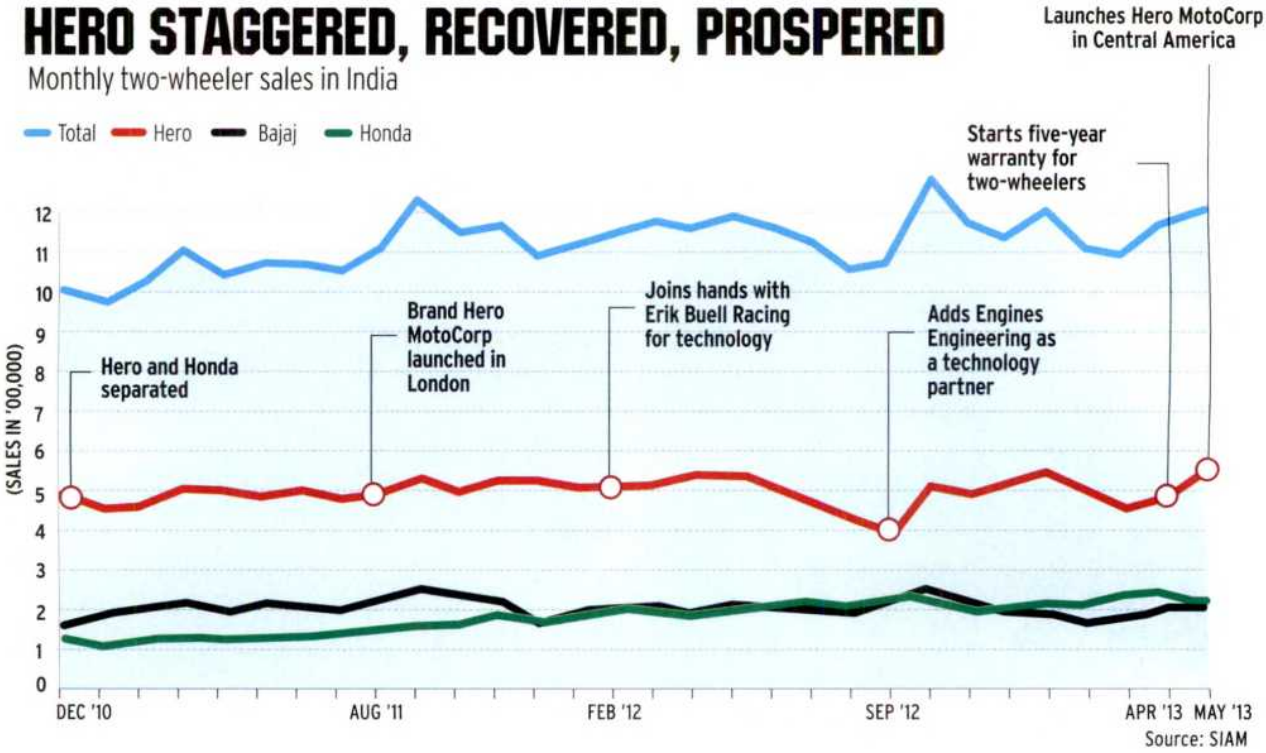
bscription Terms & Conditions: Harvard Business Review South Asia Cover price is ₹750/- •Savings are off the cover price •Special rates and offer valid in India for a limited period only •Allow 4-6 weeks for processing of your subscription and dispatch the free gift •Add ₹50/- for non-Delhi cheques •It will not be possible to entertain any cancellation once the free gift has been dispatched. •**Superscribe your name and address on the reverse of the cheque/DD** •All disputes are subject to the exclusive isdiction of competent courts and forums in Delhi/New Delhi only •HBR SA will not be responsible for any postal delays, transit losses or mutilation of the subscription form •By filling the subscription form, the subscriber understands and agrees to all the ms and conditions of the offer •Terms & conditions apply.

BT 21 July 2013

4 EASY WAYS TO (0120) 2479945 A-61, Sector-57

HERO STAGGERED, RECOVERED, PROSPERED

Monthly two-wheeler sales in India



Source: SIAM

Honda, often referred to himself as Nakajima Munjal.

ON THE ROCKS

Beneath the bonhomie, the Munjals were chafing. "When you become that large you want to take your brand global. You want to be nimble and quick," says Pawan.

With time, the goodwill had begun to wear thin. "There was a change of generation. By 2009/10 there were hardly any people from [Nakajima's] time, who had worked with us, who knew the family, the processes here, who knew this market, and who had that relationship and that emotional connect," says Munjal.

The Munjals wanted to modify the agreement to be free to go global and build more products in India.

For Honda, HMSI, where it did not have to share profits with anyone, was always going to be its favourite child. There was also the issue of the *sensei*'s pride.

"I believe that Honda executives felt coy talking about Hero Honda at global forums. Here was the largest two-wheeler company in the world, in which Honda was a partner but which it did not really control strategically," says a former Hero executive.

When the end came, it was swift. How deep did it cut?

"I would say the rebranding exercise has actually been very pleasant. I would have thought it would take much longer and be much tougher to get the brand ingrained

Nerve centre: An artist's impression of Hero's upcoming R&D campus in Kukas, near Jaipur, spread over 250 acres

with the consumer and the dealer."

Wasn't Hero already carved into the fence posts?

"It was Hero Honda," says Munjal. "We spent a substantial amount of time, money and effort to build that brand. Now we were doing a new brand. And it is not like the other brand has gone away and disappeared. It has become much more aggressive."

Aggressive it may be, but some of the pieces in "other brand" Honda's ambition of being number one in three years do not fit. It is pumping up its capacity and will be making 4.6 million two-wheelers a year once its new plant in Narsapura in Karnataka comes up by the end of 2013/14.

Hero, on the other hand, already has 6.9 million units. With a new plant coming up in Neemrana, in Rajasthan, and another in Halol, in Gujarat, this number will rise to nine million by 2015. That's a yawning gap.

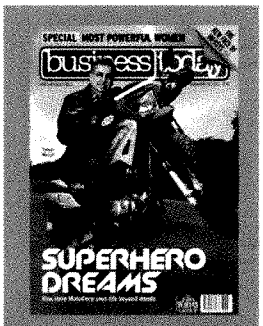
"For HMSI to be number one by 2016, it will have to grow at 30 per cent and we will have to decline at 20 per cent every year," says Ravi Sud, Hero's Chief Financial Officer.

To avert the second scenario, Munjal is going where he never did in 26 years in bed with Honda.

CALL OF KUKAS

When Hero Honda developed a product, Honda would lay down a rigid process to be followed. The Hero part of the company got involved mainly in the local aspects: testing and validation for the Indian market. "Our new partners are much more open in their approach... our team is imbibing new, cutting-edge technologies," says Harjeet Singh, the head of R&D, who found time in a whirl of meetings in the United States to reply to emailed questions.

The number of engineers in Singh's department has doubled to 400 and the plan is to "increase this manifold" in two to three years. The company's design studio has acquired advanced equipment with prototyping facilities. Design, testing, and validation for finalising specifications are now being done in-house.



BT RETRO

BT first looked at Pawan Munjal's global ambitions in its September 18, 2011, cover story 'Superhero Dreams', just after Hero MotoCorp unveiled a new brand identity following its split with Honda Motor

Ashok Taneja, who heads Shriram Pistons & Rings, a component supplier to Hero since 1985, recalls Munjal telling him after the split with Honda: "We will get technology from wherever in the world, but we will make cutting-edge products."

He is keeping his word. Erik Buell Racing (EBR) of the US, specialist in heavy-engine racing bikes, came on board soon after the split. The collaboration has been so smooth that Munjal is in talks to buy close to 50 per cent equity in EBR. "In some ways, you can say it will be an extended arm of our R&D, our technology centre," he says. "But I'll let them run the company and do what they do best their way."

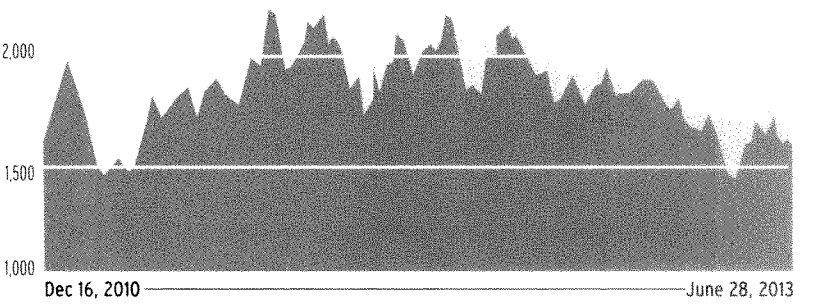
EBR's technology will power motorcycles fitted with engines bigger than 200 cubic centimetres (cc). Hero has already test-fired one of these. The bigger engine options will be useful in international markets.

Munjal is also eyeing a majority stake in a proposed joint venture with Italy's Magneti Marelli, with which he has a strategic tie-up for making powertrain components. As emission norms become more and more stringent, the joint venture will come in handy.

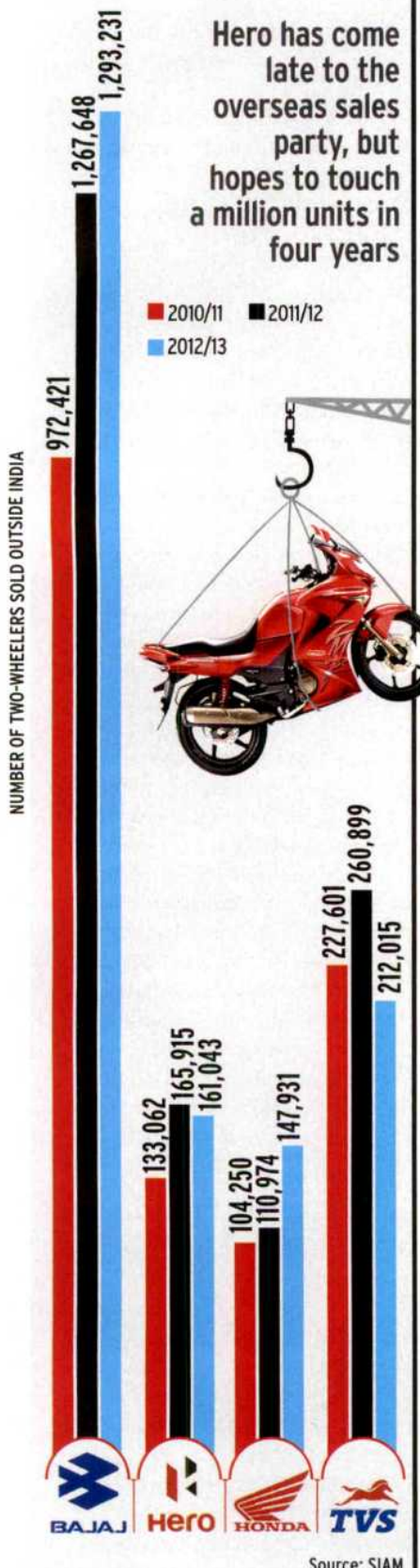
Italy's Engines Engineering is providing technology for mass-market motorcycles. A fourth outfit, AVL of Austria is helping with engines for current as well as new platforms. Platform is industry jargon for the basic structure of a vehicle.

Two engines for mass-market bikes have been tested. "The people

HOLDING GROUND Hero's share price has held up since the split with Honda



Share price in rupees Source: CMIE Prowess



in our R&D are very proud that for the first time we have test fired an engine ourselves," says Munjal.

With technology flowing in from different sources, in-house R&D is throbbing with activity. It is getting a new home in Kukas, near Jaipur. This campus will be spread over 250 acres, with a 12-storey building right in the middle.

Money is not a problem. Hero MotoCorp has no debt and its balance sheet has close to ₹4,500 crore in cash. The new factories in India, the component development centre in Neemrana and the R&D centre will consume no more than ₹2,775 crore.

"A lot depends on our understanding of the local market requirement and [our ability to] design products to suit it. Consistency of manufacturing processes plays a crucial role in the overall quality of products. This has always been our strength, as we always keep the customer in focus. The enduring success of several of our products is a testimony to this," says Singh.

SOLITARY SPLENDOR

The enduring success of **some of the products can be** looked upon in two ways. The Splendor accounts for a third of Hero's sales. It has been running on Indian roads since 1994. Another 16 per cent comes from the Passion, which is very similar to the Splendor in engine and technology, and has been around since 2001.

Time and again the company has tried to reduce its dependence on the Splendor by launching a number of products. Some of them failed – "It gave us no joy," says Munjal about a 100-cc motorcycle called Joy – and some succeeded. But none has come anywhere close to replicating the hold the Splendor has on the psyche of Indian riders.

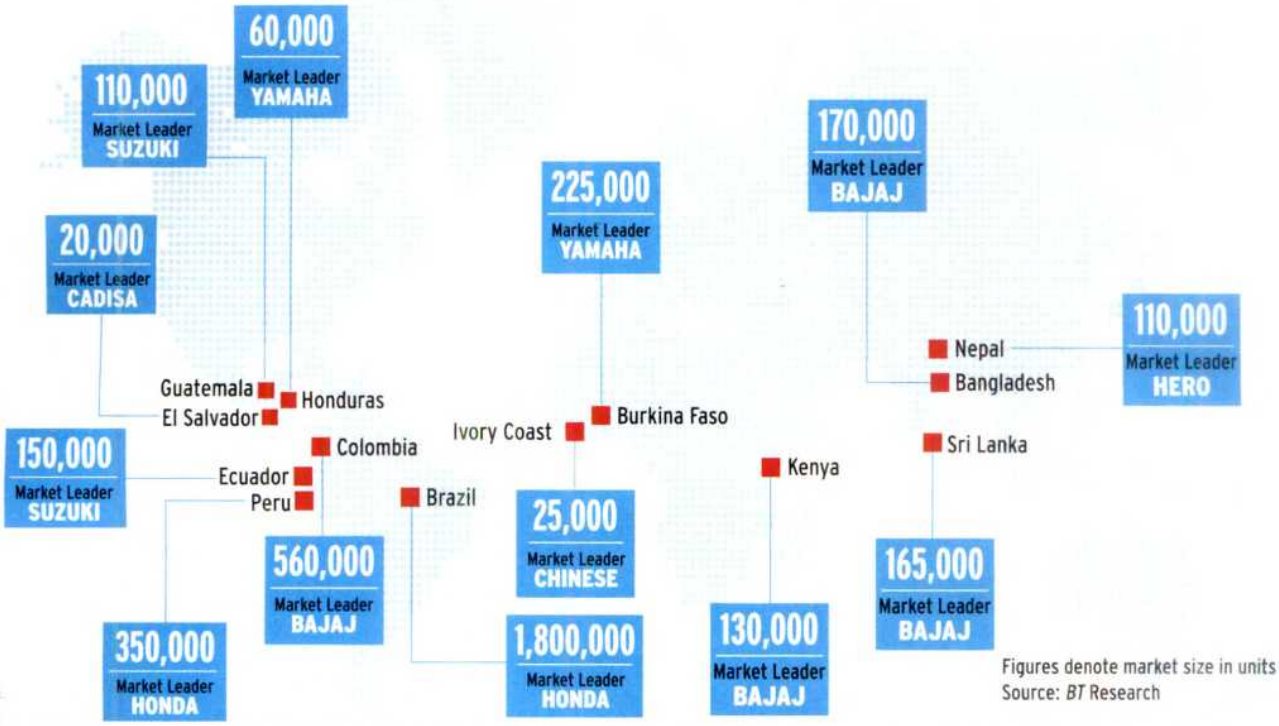
Hero's stabs at the premium segment have also met with lukewarm success. Bajaj rules the territory above 150cc with the Pulsar, which gets good volumes as well as high margins. Anil Dua, who heads marketing and sales for Hero, hopes the EBR tie-up will change the game. "The partnership with EBR and our association with motorcycle racing are geared to strengthen our premium segment."

But, as Hero looks to storm Bajaj's fort and the international market, it has to keep an eye firmly fixed on the rear-view mirror. HMSI has announced two models in the Dream series, which compete directly with the Splendor and Passion. "Both motorcycles and scooters are growing for us, but motorcycles are growing faster."

CURRENTLY JUST ABOUT 2.5% OF HERO'S TOTAL SALES OF SIX MILLION IS OUTSIDE INDIA

DREAMS IN MANY LANGUAGES

Hero has quickly increased its overseas footprint since parting ways with Honda



Figures denote market size in units
Source: *BT* Research

says Yadvinder S. Guleria, Vice President, Sales & Marketing, HMSI.

Since the same company developed all four models, it is Honda versus Honda out there. But Hero is not going to merely watch from the sidelines.

Munjal displayed gumption in jettisoning the Honda name in his branding a mere eight months after the divorce, even though he could have used it until 2014, when Honda's technology support ends.

That is when Hero is widely expected to unveil a motorcycle all its own, with no contribution from Honda. Is it not critical that the first all-Hero product be a blockbuster? "It just has to be something that delights our customers," Munjal says. "That's how we have always done our stuff."

Glimpses of that stuff will be seen around Diwali this year, traditionally a season of rapid sales when Hero will launch a new set of two-wheelers. They will still have Honda technology, but also a lot of Hero in them.

The tales of TVS, Kinetic and LML are chastening. TVS has moved from being a distant third in the motorcycle market to a distant fourth. Kinetic has sold its business to Mahindra & Mahindra. LML's once-popular scooters have vanished.

Hero, though, has hung in there. It still has over 53 per cent of the motorcycle market, down just a percentage point since the split. HMSI has no more than 11 per cent, though that is a four percentage point increase since 2010/11. Its highly successful scooters, a market in which Hero is still finding its feet, give Honda nearly 19 per cent of all two-wheelers, up from 13 per cent over the same period.

Someone who has known Munjal professionally for years happened to meet him just after the split. The conversation, in Punjabi, ended with Munjal saying: "Even if I have to go down, I will go down fighting." He has donned his leather jacket, strapped on his boots, hefted his helmet and kicked the starter. He is ready to roll. ◆

Send your comments to editor.bt@intoday.com

The times they aren't a-changing

Business Today-Morningstar's second survey shows most fund managers do not expect any dramatic improvement in the investment climate over the next 12 months. By Mahesh Nayak

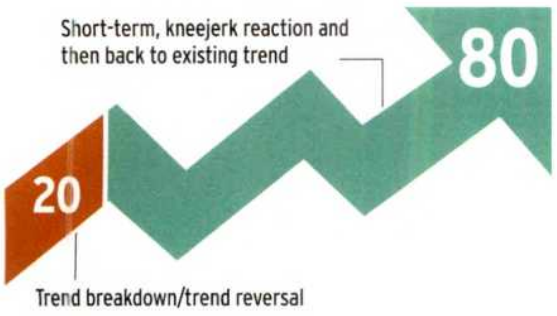
Gopal Agrawal, Chief Investment Officer at Mirae Asset Global Investments, meets with executives at several companies every three to four months. The objective is to get feedback on the companies' functioning and gauge their sentiment. His latest meetings, with executives at mid-to-large companies in Kolkata and Chennai in early June, gave him few reasons to cheer. The overall mood was subdued compared with his previous meetings four months ago. "They have

FUND HOUSES WHICH PARTICIPATED

1. Baroda Pioneer MF
2. Birla Sun Life MF
3. Axis MF
4. DSP BlackRock MF
5. Canara Robeco MF
7. ICICI Prudential MF
8. Principal MF
9. Religare MF
10. Sundaram MF
11. UTI MF

GRAPHICS BY SANTOSH

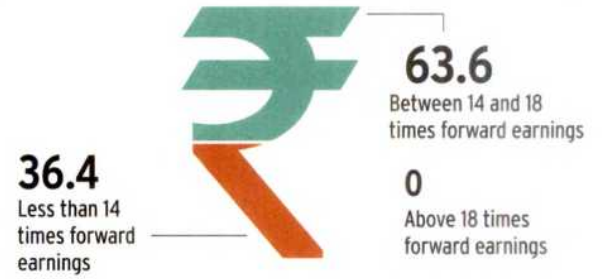
1 How will stocks react to a fractured verdict in 2014 elections, or victory of an alliance not favoured by markets?



2 What is the recommended stock allocation for a risk-taking investor with a three-year horizon?

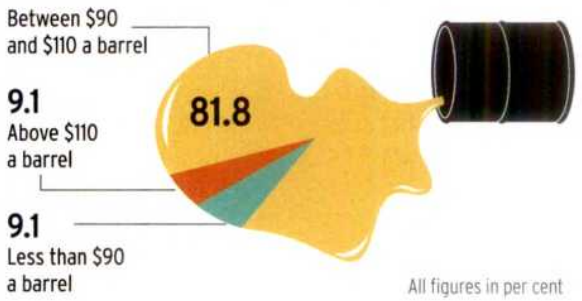
3 Where are institutional investors likely to invest globally in the next one year?

4 With a two-year horizon, what is the estimated P/E ratio for the BSE Sensex?



5 Which theme is likely to play out the best over the next two-to-three years?

6 In what price range is crude oil likely to trade over the next one year?



All figures in per cent

been badly hit by a weakening rupee and the economic slowdown," he says. "A wide current-account deficit and weak economic growth are the biggest concerns."

Despite the gloomy picture painted by Corporate India, Agrawal has been a buyer in the falling stock market. Earlier, he kept about four to five per cent of his portfolio in cash but now he has invested all his cash. "In the past 10-15 days we have completely deployed our cash and added stocks to our portfolio," he says. Agrawal has stayed away from stocks that are directly impacted by the economy, such as construction, realty and cement. He has bought pharmaceuticals, logistics, oil and gas, and private-sector banking stocks. Agrawal expects the government to speed up its investment process ahead of general elections due by May 2014.

The feedback Agrawal received during his meetings is consistent with a quarterly survey of fund managers by *Business Today* and mutual fund research firm Morningstar. The second *BT*-Morningstar Asset Allocation Survey shows most fund managers do not expect the investment climate to improve substantially over the next 12 months. The survey for the July-to-September quarter polled 11 fund managers on the

outlook for the Indian economy and markets.

Fund managers have turned cautious on India. Almost 82 per cent of the fund managers expect the economy to grow less than six per cent over the next year. In the previous survey, only 54 per cent of those polled expected growth to remain below six per cent. The pessimism is not surprising considering the economy expanded five per cent in 2012/13, its slowest pace in a decade.

Some fund managers feel stock markets have overreacted to the rupee's fall to record lows against the US dollar. Alok Sama, founder and President at investment banking firm Baer Capital Partners, says stock markets are falling not just in India but also in other emerging markets due to the US Federal Reserve's decision to gradually roll back its stimulus package that had fueled liquidity worldwide in recent years. "There is blood on the street, but once it stabilises we may see good buying. I will be a buyer in this market," he says. Sama feels the markets will remain volatile in the near term. He prefers to bet on financial stocks, blue-chips and large-caps on the National Stock Exchange's Nifty index for one year, and on select mid-caps but the holding period would be three to five years.

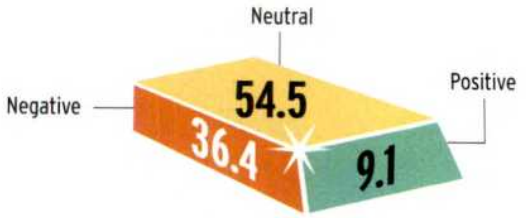
The survey shows 40 per cent of the fund managers suggest investing 30 to 50 per cent of the portfolio in small- and mid-cap stocks over three years. This is down from 69 per cent in the previous survey, indicating a growing preference for large-cap stocks. The survey shows also that more fund houses than before feel the Bombay Stock Exchange's Sensex will remain under pressure. Less than two-thirds now expect the Sensex's price-to-earnings ratio – a gauge of the index's valuation – between 14 and 18 times over the next two years, versus almost 92 per cent previously.

The silver lining is that 91 per cent of the fund managers expect the fiscal deficit to be in a range of 4.5 to 5.5 per cent, while 82 per cent say inflation will likely stay below seven per cent in the next one year. Inflation based on wholesale prices was 4.7 per cent in May. With inflation and the fiscal deficit staying low, 92 per cent fund managers predict interest rates to fall.

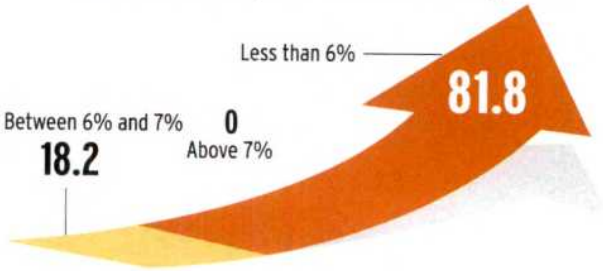
The weak rupee remains a concern, though. The local currency has already fallen below 60 to a dollar. About 64 per cent of those polled expect the rupee to stay below 55 to a dollar, compared with 50 per cent in the previous survey, and no one sees it rising above 50 in 2013. ◆

For the previous BT-Morningstar survey, go to www.businesstoday.in/archives-july2113

7 What is the view of fund houses on gold as an asset class for the next one year?

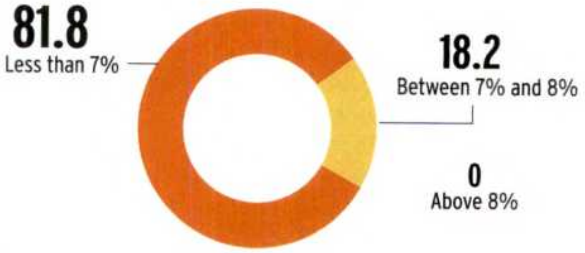


8 What is the projected growth rate for India's economy for the next one year?



9 What will be the likely level of India's fiscal deficit over the next one year?

10 With a one-year horizon, how do fund houses view the inflation scenario?



All figures in per cent

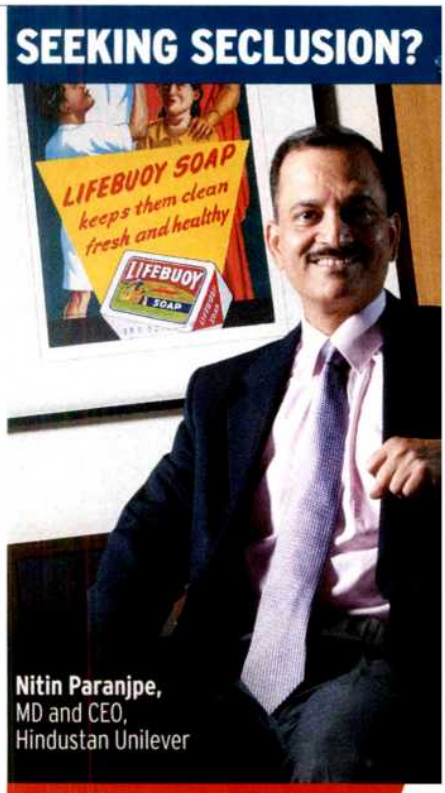
Source: *BT*-Morningstar Asset Allocation Survey

IF WE
can imagine it, how quickly can we make it?
Real-time manufacturing –
a dream our software could bring to life.
Innovative thinkers everywhere use the 3DEXPERIENCE software platform from Dassault Systèmes to explore the true impact of their ideas. Insights from the virtual world are helping businesses streamline production lines and embrace new manufacturing techniques. How long before we can build things as quickly as we can invent them?
3D
V,R
3DEXPERIENCE
It takes a special kind of compass to understand the present and navigate the future.
Discover our Industry Solution Experiences:
Single Source for Speed
Simple Solution Selection
3DS.COM/INDUSTRIAL-EQUIPMENT
DASSAULT SYSTEMES
IF WE ask the right questions we can change the world.

Parental Control

Multinationals are increasing stakes in their Indian units, which could be the first step to delisting from the bourses.

By K.R. BALASUBRAMANYAM



RACHIT GOSWAMI

JUNE-JULY 2013

Unilever Plc commences its open offer to raise stake in Indian subsidiary **Hindustan Unilever Ltd** from **52.5%** to **75%**

Deal size: ₹29,200 crore

The mother of all buybacks by a multinational company (MNC) began on June 22 when consumer goods behemoth Unilever Plc started its ₹29,200-crore open offer to raise its stake in its Indian arm, Hindustan Unilever, from 52.5 per cent to 75 per cent. Before this, the biggest such raising of stake by a global corporation in its Indian unit was that of UK-based health-care giant GlaxoSmithKline Plc in January, when it acquired a 29 per cent additional stake for about ₹4,800 crore, raising its holding to 72.5 per cent. And a little over a year ago, US media conglomerate Walt Disney Co bought out its Indian partner, UTV Software Communications, in a deal worth about ₹2,000 crore before delisting it from local exchanges. In the last five years, there have been a number of other instances as well of MNCs snapping up shares from the open market, and increasing their stake in whatever small proportion possible, in their Indian entities.

Why are so many MNCs increasing the promoters' stake in their Indian units? Experts say some of these acquisitions – as the Walt Disney one showed – could be part of a long-term strategy to eventually go private in India. Indian market regulations allow promoters to initiate the process of delisting if they have 75 per cent stake. They can quit the bourses once this reaches a minimum of 90 per cent. "If an MNC wants to take its subsidiary private, it is keeping in mind many advantages. It can manage growth much more efficiently without worrying about minority investors' interest, apart from having to disclose minimum information about its operations in the country," says V. Balakrishnan, a member of the Infosys board.

Going private also allows flexibility in transfer pricing, royalty payments to the parent and product pricing in related party transactions. "Once delisted, the parent company can source products from its Indian subsidiary by paying just a small margin above the cost price rather than market-driven prices," says Vivek Mallya, a chartered accountant who was formerly a partner at audit and consulting firm PwC India. "It can then sell these products at an attractive premium in global markets. Such foreign companies will be able to treat India as a low-cost and low-margin destination." Since this would lower the Indian subsidiary's earnings, he points out, it would also lead to lower corporate tax collections for the government.

Many MNCs are sitting on huge cash reserves or have access to cheap global credit. It makes sense for them to use this to hike their

BHASKAR PAUL

FEBRUARY 2012

The **Walt Disney** Company, an existing shareholder in **UTV Software Communications Ltd**, buys out other shareholders and delists the company

Deal size:
About ₹2000 cr

Ronnie Screwvala, CEO, UTV Software Communications

SHEKHAR GHOSH

Zubair Ahmed, Managing Director, GlaxoSmithKline Consumer Healthcare

FEBRUARY 2013

GlaxoSmithKline Plc increases its stake in its Indian subsidiary **GlaxoSmithKline Consumer Healthcare Ltd** from **43.2%** to **72.5%**

Deal size:
₹4,800 crore

holding in their Indian subsidiaries, notes Pankaj Pandey, Head of Research at brokerage firm ICICIdirect.com. "The yield on investment in the Indian business of an MNC is likely to increase with better growth and higher dividend payout ratios if the parent company increases its holding," he adds.

No doubt, India's complex regulatory structure and ambiguous tax laws are also pushing MNCs to go private. "Most tax laws here can be interpreted the way the assessing authority wants," says Debasis Nandy, President and Chief Financial Officer of travel company Thomas Cook (India) Ltd. "This turns all our planning upside down."

Stake increases by multinationals gathered pace since June 2010 when the Securities and Exchange Board of India (SEBI) changed some guidelines. The new ones required the listed private sector firms to have a minimum public shareholding of 25 per cent. It set a deadline of June 3 this year. But many companies, including MNCs, have still to increase their public shareholding to that level. Instead, at least two MNCs, Fresenius Kabi Oncology Ltd, promoted by Fresenius Kabi (Singapore) Pte Ltd, and Fairfield Atlas, the Indian subsidiary of TH Licensing Inc, have started the delisting exercise.

Last October, Fresenius Kabi Oncology reduced its promoter stake from 90 to 81 per cent, which suggested it was moving towards meeting the SEBI norm. But instead of lowering it any further, it has announced its intention to delist. So too TH Licensing, which owns 83.91 per cent of Fairfield Atlas, has said it wants to quit Indian exchanges. The two companies have a market cap of around ₹2,600 crore.

But delisting is not an easy job. To buy out minority shareholders, companies have to follow a price discovery process through reverse book building. In late-June, the SEBI announced a number of fresh guidelines, which have further tightened the buyback process. The companies engaging in the exercise must, for instance, buy back at least 50 per cent of the stake they had earmarked. The maximum buy-back period has now been reduced to six months from one year. The compa-

HOW DELISTING HELPS MNCS...

They can run **their India business** as a **low-margin operation**

They **get flexibility** in **royalty payments, transfer pricing**, etc

Public scrutiny of their actions is **considerably reduced**

... WHY INDIAN MARKETS NEED MNC STOCKS

Listed MNCs **raise the bar of corporate governance**

They give **depth to markets**, raise India's profile

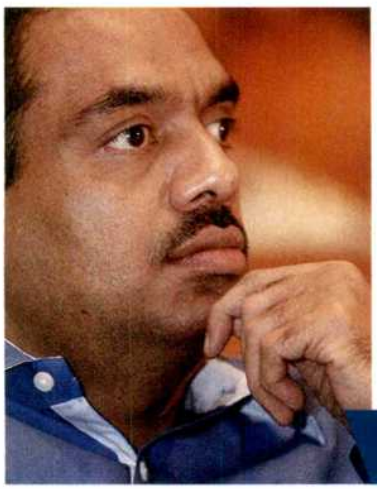
Investors have a **bouquet of choices** to build a portfolio

nies have been barred from making another buyback offer within a period of one year from the date of closure of the preceding offer.

Industry watchers note that many MNCs listed on Indian bourses only under duress. In the 1970s, the Foreign Exchange Regulation Act (FERA) capped foreign direct investment at 40 per cent, which meant MNCs had to raise the remainder from the Indian public. The majority complied, though a few led by Coca Cola and IBM, preferred to close down their Indian operations. Nandy of Thomas Cook says his company would never have listed had it not been for the FERA restrictions.

Once the cap on foreign holding was lifted following liberalisation in the early 1990s, a number of foreign companies such as Cadbury India, Carrier India and Otis India, increased their parents' holding by buying out other shareholders, and delisted. "IBM and Coca Cola returned only after the earlier conditions were relaxed," says Shriram Subramanian, Managing Director at InGovern Research Services, India's first proxy advisory firm.

There are two ways in which the Indian subsidiaries of MNCs can repatriate profits to global parents – in the form of dividend, as they do to all shareholders, or by returning part of the equity invested by the parent through share buyback. Every year, an Indian subsidiary can retire 25 per cent of outstanding equity by paying back the parent company, and the shares thus bought cease to exist.



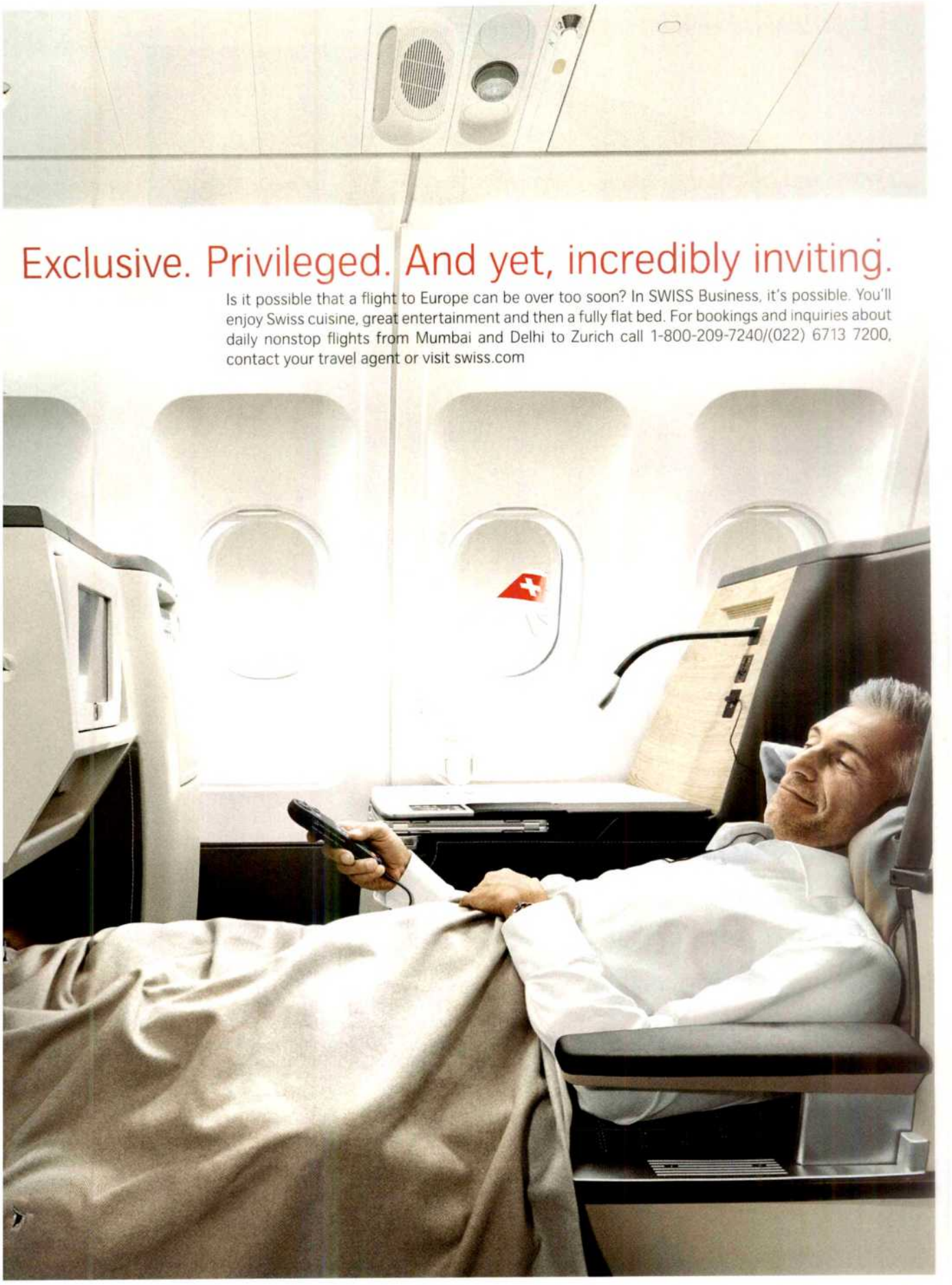
"By going private, an MNC can manage growth much more efficiently without worrying about minority investors' interest"

V. BALAKRISHNAN, Member, Infosys board

Does it matter to the stock market if substantial numbers of MNCs move out? It does. There are around 150 MNCs listed on the Bombay Stock Exchange (BSE), with a combined market cap of ₹6.43 lakh crore, or 10 per cent of the total market cap of all BSE listed companies. Investment experts say delisting of foreign companies could lead to market volatility because MNC stocks lift local exchanges. The performance of the CNX MNC index on the National Stock Exchange is an indication – in the two years up to May 31, the MNC index grew 16.4 per cent while the Nifty rose just 7.8 percent. "There will be a scarcity of stocks of good MNCs in the market. When an MNC buys out shares, Indian investors lose out on an opportunity to invest to that extent," adds ICICIdirect.com's Pandey. "Exchanges will be left with Indian companies, which have huge capital requirements. That is when you could see sharp volatility in the market."

The presence of MNCs adds depth to Indian markets. "It is high time the powers-that-be looked at the reasons why MNCs are hinting at delisting their shares at the earliest opportunity and no new listing of marquee international names has happened in the recent past," says Mallya. ◆

Send your comments to editor.bt@intoday.com


Exclusive. Privileged. And yet, incredibly inviting.
Is it possible that a flight to Europe can be over too soon? In SWISS Business, it's possible. You'll enjoy Swiss cuisine, great entertainment and then a fully flat bed. For bookings and inquiries about daily nonstop flights from Mumbai and Delhi to Zurich call 1-800-209-7240/(022) 6713 7200, contact your travel agent or visit swiss.com

Sickly Sweet

Many sugar companies are in the red, with some seeking financial restructuring. Partial decontrol is a glass half empty. By AJAY MODI

It is a bitter pill for the sugar industry in India. A flawed policy regime has taken its toll on the producers of the sweetener.

Consider the example of Uttar Pradesh-based Mawana Sugars. In February, the company decided to refer itself to the Board for Industrial and Financial Reconstruction (BIFR). "We took the matter to shareholders and then approached the BIFR, which has admitted the company as a fit case for revival," says Siddharth Shriram, Chairman, Mawana Sugars. The company owes around ₹400 crore to the sugarcane growers and has been unable to pay because of poor cash flows. It reported a loss of ₹81 crore in the 18 months to September 2012. Mawana, like most other sugar companies in UP and the rest of the country, is making heavy losses primarily due to a steep rise in the regulated sugarcane prices over the past few years. The company is losing ₹5,000 on every tonne of sugar.

UNSUSTAINABLE

Political compulsions have raised sugarcane prices in Uttar Pradesh way above what they ought to be

According to the Indian Sugar Mills Association (ISMA), the cost of producing a tonne of sugar in UP is ₹35,500 while the mills are selling it at an average realisation of ₹31,000. UP is the country's biggest sugarcane producing state with 36 per cent of the national output. It accounts for about 30 per cent of the sugar production in India.

Most of the sugar companies are now in the sick bay. Kushagra Bajaj-led Bajaj Hindusthan, which owns 14 mills in UP and is the biggest domestic player, reported a loss of ₹234 crore in 2011/12. The smaller companies too are in trouble. For instance, Shakumbari Sugar, another UP-based company with one mill, has recently been declared sick while Sakthi Sugars, with three mills in Tamil Nadu and one in Orissa, has reported a combined loss of ₹147 crore in the two financial years 2010/11 and 2011/12.

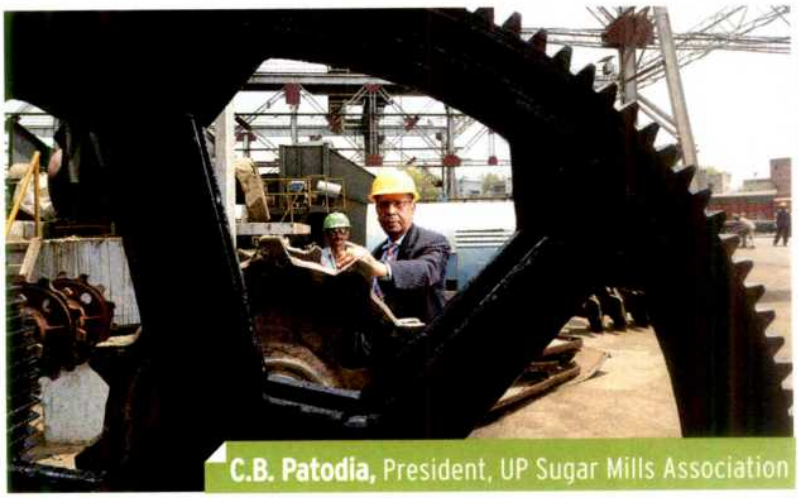
The union government has made an effort to restore the industry to health with partial decontrol of the highly regulated sector in April. It did away with the levy system under which all the mills were required to sell one-tenth of the sugar produced to the government at a regulated price that was always lower than the market price. The annual burden on the industry because of this stipulation ranged from ₹1,800 crore to ₹2,500 crore. This sugar was sold to the beneficiaries of the public distribution system.

Under the new system, the Centre will provide cash subsidy to all state governments which will now procure sugar from the open market and supply to beneficiaries at the same price of ₹13.50 a kilogram. It also scrapped the release mechanism that decided the quantity of sugar a mill could sell in a month or a quarter. These two reform measures were part of the suggestions made by a committee headed by C. Rangarajan, Chairman of the Prime Minister's Economic Advisory Council.

However, the disconnect between sugarcane and sugar prices continues to weigh heavily on the sector. The Centre works out a price for sugarcane every year. States, though, are free to fix their own price, known as state advised price – it is mandatory for the mills to buy at this price from farmers. States like UP continue to use sugarcane price as a political trump card. Since October 2010, the UP government has raised sugarcane price by 36 per cent to ₹280 a quintal while sugar prices have gone up by only 11 per cent to ₹3,100 a quintal. Some other states such as Tamil Nadu, Haryana and Punjab also announce their own sugarcane prices though these tend to be much lower than in UP. But this forces mills to buy sugarcane at a fixed price in a season irrespective of the highly volatile sugar prices.

Dhruv M. Sawhney, Chairman and Managing Director of Triveni Engineering & Industries (TEIL), says that the recent reforms will "greatly help the industry if a realistic mechanism is also put in place to determine sugarcane pricing". While admitting that the abolition of levy obligation has reduced the financial burden on companies, Sawhney says that sugar operations are still not profitable. "Therefore, long term viability and sustainability of the industry also depends on the reforms to be implemented on the sugarcane side as suggested by the Rangarajan Committee," he adds. The Committee, which submitted its report to Prime Minister's Office last year, had recommended that sugarcane price should be linked to the price that mills realise on sugar. "In order to ensure a stable industry, there is a need to have a linkage between the sugar and sugarcane price," says Ajay S. Shriram, Chairman and Senior MD of DCM Shriram Consolidated Ltd (DSCL), which runs four sugar mills in UP.

Some feel there could be a way out of the present mess if the industry adopts the pricing formula followed by the cooperative sugar mills in Maharashtra, Gujarat and Haryana – it is a revenue sharing-based sugarcane price. In Maharashtra, for instance, cooperative mills pay farmers



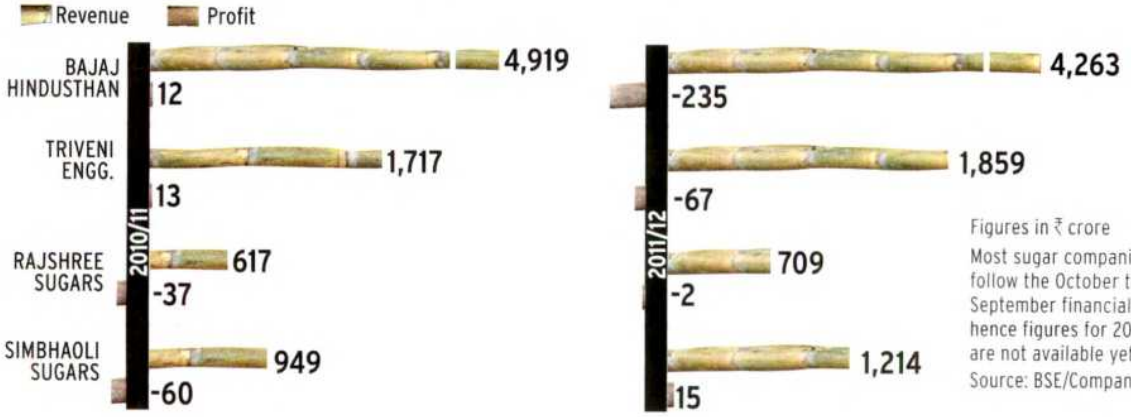
SHEKHAR GHOSH

C.B. Patodia, President, UP Sugar Mills Association

"The government must understand that the fate of the (sugar) industry is linked to that of the farmers"

BITTER HARVEST

The precarious financial condition of some leading sugar mills



Figures in ₹ crore

Most sugar companies follow the October to September financial year hence figures for 2012/13 are not available yet

Source: BSE/Companies

a part of the sugarcane price at the time of purchase. Later on, farmers are made a second and final payment based on sugar realisation. The total payment works out to 65 per cent of the sugar price realisation compared with almost 100 per cent for private companies in UP and 75 to 80 per cent in states like Tamil Nadu. "If a similar formula can be followed nationally, it will bring stability to the business," says Vinay Kumar, MD, National Federation of Cooperative Sugar Factories. Cooperative mills account for 40 to 45 per cent of sugar production in the country.

Paying the Price

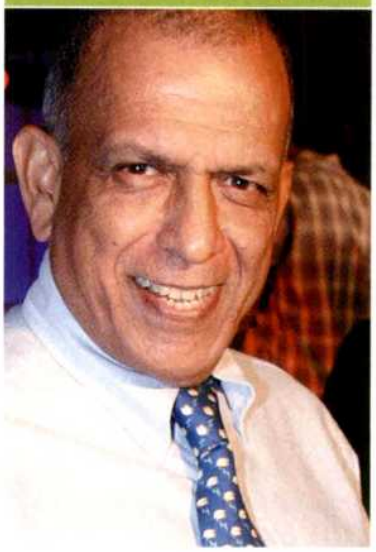
Meanwhile, the impact of the flawed policy is clearly visible in UP where most big sugar producers are based, such as Bajaj Hindusthan, Balrampur Chini and TEIL. Mounting financial losses have made it impossible for the industry to make sugarcane payments to the farmers. The UP sugar industry owes ₹4,300 crore in payments to farmers.

C.B. Patodia, Director, K.K. Birla Group of Sugar Companies, and President of the UP Sugar Mills Association, feels short term political gains are dictating the sugar policy in the state. "The government must understand that the fate of industry is linked to that of the farmers."

For previous stories on sugar, go to www.businesstoday.in/archives-july2113

"We took the **matter to shareholders** and then approached the **BIFR,** which has admitted the company as a **fit case for revival"**

Siddharth Shriram, Chairman, Mawana Sugars



The sugarcane pricing policy of the state governments has had another adverse fallout. "International players are waiting for a rationalisation of sugarcane pricing before they enter India," says Abinash Verma, Director General, ISMA. "While we have moved halfway in our battle for reforms, another half remains in form of getting a rational sugarcane price."

Some also believe that the Indian sugar industry has to boost efficiencies and become more competitive. "The central government has done what it could. We now have a framework in which the most competitive will do well," says Narendra Murkumbi, MD, Renuka Sugars, which is the only Indian company to own sugar mills in Brazil. It pays 61 per cent of realisation as sugarcane price in its four Brazilian mills.

A bountiful sugarcane crop in the last three years did not deter states from raising prices. However, large unpaid arrears due from sugar companies might deter farmers from planting sugarcane, say analysts. This could lead to a drastic decline in production and a reliance on imported sugar, as seen in 2008/09 and 2009/10. Clearly, the state governments need to streamline policy fast to revive the domestic sugar industry. ◆

IndusInd Bank
Explore the world in style.
Indulge.
For those who have it all, we bring you something more. Presenting IndusInd Bank Indulge Credit Card. The new accessory of power, prestige and indulgence.
Indulge is the first credit card in the Indian sub-continent with a 22K gold inlay and lifestyle benefits that have never been seen before.
With Indulge in your wallet, you will be amongst the select few in the country who can traverse the world in a charter plane. Or celebrate a special occasion in the middle of the sea on a charter yacht. You can also explore the joys of sailing with customized sailing solutions. And if you are a speedster, may we offer a range of supercars for you to get your adrenaline pumping.
Strictly by invitation, IndusInd Bank Indulge Credit Card is for those who like to push boundaries. And imagination too.
For more information, visit www.indusind.com
IndusInd Bank
Indulge
4987 1234 5678 0000
4987
VALID FROM
VALID THRU
ARUN KUMAR
VISA
INFINITE
Your imagination is the only limit.

DIGITALLY

Large advertising networks have made hurried acquisitions to step up their digital skills. But can they compete against the specialised digital boutiques?

By AJITA SHASHIDHAR

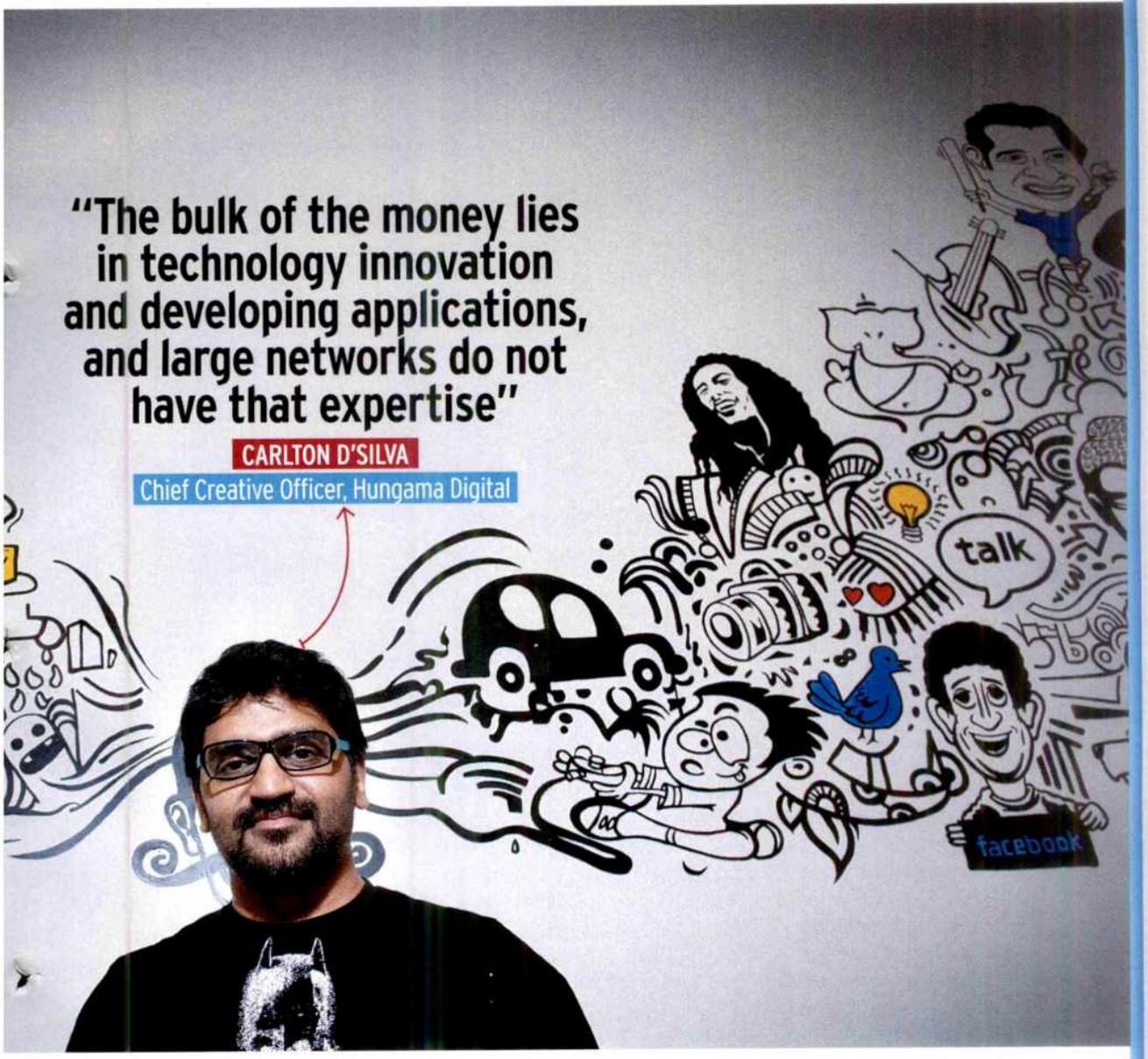
At the New Delhi Auto Expo in January 2012, a section of the crowd went hysterical seeing a cheetah sitting atop a Mahindra & Mahindra (M&M) XUV500 sport-utility vehicle. The visitors stood next to the wild animal, patted it and clicked pictures. The cheetah, of course, wasn't real – the beast went extinct in India more than six decades ago. It was a virtual three-dimensional creation by digital marketing agency Hungama Digital for the auto maker as part of an augmented reality advertising campaign.

M&M put videos of the event on its YouTube channel, and got about 42,000 hits in just the first two days. There could not have been a better way of reaching out to the target audience, says Vivek Nayer, Chief Marketing Officer for the auto division at M&M. "While TV and print are great ways to connect with the masses, digital media helped us amplify the event online and we were able to interact with the audience interested in talking to us."

M&M is one of a growing number of Indian companies giving greater importance to digital advertising than the traditional kind, as more people use the Internet and shop online. But the auto maker hasn't yet completely shifted focus from print and television. While Hungama has the digital mandate for XUV500, the creative agency for traditional advertising is Interface Communications. Isn't it better to appoint a single agency to deal with all forms of advertising? "That would have been the ideal situation," says Nayer. "But, as of today, the traditional agencies don't have the capabilities to offer integrated solutions."

The predicament of advertisers like Nayer is prompting top ad agencies to enhance their digital footprint. The fastest way to do so is to acquire the specialists. No wonder, large ad networks have purchased nine boutique digital agencies in the past year (see *Skill Supplement* on the page after for a list of buyouts). The big networks that have joined the takeover bandwagon include JWT,

HALLENGED



"The bulk of the money lies in technology innovation and developing applications, and large networks do not have that expertise"

CARLTON D'SILVA
Chief Creative Officer, Hungama Digital

NISHIKANT GAMRE/www.indiatodayimages.com

RACHIT GOSWAMI

"Most large agencies don't have a planned digital approach. Often they have a childish approach to digital"

MEERA SHARATH CHANDRA Founder, Tigress Tigress

Leo Burnett, TBWA and Publicis Groupe. In March, IPG Mediabrands reportedly paid ₹400 crore to buy online marketing agency Interactive Avenues. The latest to join the list is Dentsu. The Japanese ad giant's India unit on May 23 acquired an 80 per cent stake in Webchutney, one of the country's top digital agencies which has many high-profile clients such as Bharti Airtel, Microsoft and Unilever.

Missed Opportunities

Digital advertising in India is projected to grow at a rapid clip in coming years (see *Turbo Growth* on the next page). According to a report by lobby group Federation of Indian Chambers of Commerce and Industry and consulting firm KPMG, digital advertising revenue is likely to quadruple by 2017 to ₹8,720 crore from ₹2,170 crore in 2012. The report, released in March, says the share of digital advertising in India's overall ad market will likely double to 14 per cent in 2017. Television and print ad revenue will grow at a slower pace during the same period. While TV ad revenue is estimated to double to around ₹24,000 crore, the print segment is projected to grow about 65 per cent to ₹24,800 crore from ₹15,000 crore.

Boutique agencies have been quicker than large networks in reacting to the changing market dynamics. Over the past few years, many boutiques have not only mastered the art of digital advertising but have also quietly taken away business from large ad networks. Many industry experts see the recent spate of acquisitions as a desperate damage-control move by the big boys. "Larger agencies had started losing business to specialised boutiques such as ours," says Atul Hegde, CEO of Mumbai-based Ignitee, which handles the digital business of auto maker Maruti Suzuki.

Rajiv Dingra, CEO of ad agency WATConsult, agrees with Hegde. "Had the agencies woken up on time they could not only have built up their capabilities organically but could have also won the client's faith," he says. WATConsult's clients include the diversified Godrej Group. It handles the social media business

Skill Supplement

Recent digital media acquisitions in India

DATE	DIGITAL SPECIALIST	HEADQUARTERS	TAKEN OVER BY
MAY 2013	Webchutney	Mumbai	Dentsu
APRIL 2013	Neev Information	Bangalore	Publicis Groupe
MARCH 2013	Convonix	Mumbai	Publicis Groupe
MARCH 2013	Interactive Avenues	Mumbai	IPG Mediabrands
JANUARY 2013	Magnon Solutions	New Delhi	TBWA
AUGUST 2012	Communicate 2	Mumbai	Aegis Media
AUGUST 2012	Resultrix	Mumbai	Publicis Groupe
JUNE 2012	Hungama Digital	Mumbai	JWT
APRIL 2012	Indigo Consulting	Mumbai	Leo Burnett Worldwide

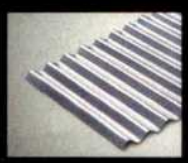
ADITYA BIRLA
HINDALCO

A roof that heats up? Or a roof that keeps you cool inside?

The choice is simple.

Everlast Aluminium Roofing Sheets
moderate the temperature under the roof.

Everlast is a quality product from Hindalco – the world's largest manufacturer of aluminium rolled products. Everlast is made from high-quality virgin aluminium alloys with superior thermal properties, which keep the temperature under the roof cooler in summers, and warmer in winters. This saves energy and provides a comfortable work environment, which improves productivity. Everlast is rust-proof, needs no maintenance and lasts a lifetime. What's more, Everlast offers an end-of-life resale value of up to 60%.



Protection for a lifetime.

IDEAL ROOFING AND CLADDING SHEETS FOR:

- Industries
- Warehouses
- Farms
- Railways
- Plantations
- Buildings

GREEN METAL
ENDLESSLY

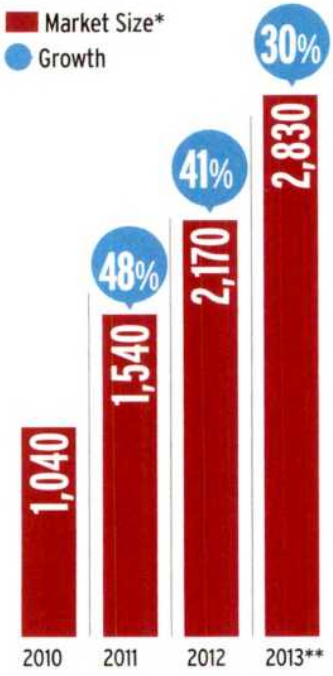
Available in a variety of colours.

For more information, please **call: 1800-103-9494**

HINDALCO
Everlast
Aluminium Roofing & Structurals

Turbo Growth

The online advertising market is expanding at a rapid pace



*In ₹ crore ** Projected
Source: FICCI-KPMG Report

of the Godrej master brand, Godrej Appliances and Godrej Tyson Foods.

Executives at these boutiques say most large networks keep the digital business on the sidelines. Carlton D'Silva, Chief Creative Officer at Hungama Digital, says most large agencies have small digital teams which typically do "hygiene stuff" for clients. For instance, he explains, an agency handling the print or TV campaigns of a client may also put a small banner ad online. "The bulk of the money lies in technology innovation and developing applications, and large networks do not have that expertise," he says.

Rohit Ohri, Executive Chairman, Dentsu India Group, feels most large networks in India are too proud of their traditional creative skills and this prevents them from adapting to new market realities. Meera Sharath Chandra, founder of the start-up digital agency Tigress Tigress, is even more critical of the networks. "Most of them don't have a planned digital approach," she says. "Often they have a childish approach to digital."

Top executives at large ad networks dismiss these arguments. Srikant Sastri, Country Chair at VivaKi, says large networks are not late in entering the digital segment and they started expanding only when clients began demanding digital offerings. VivaKi is the Publicis Groupe company which has acquired digital agencies Resultrix, Convonix and Neev Information Technologies in the past year.

On the Offensive

Executives at large ad networks say even advertisers did not feel the need to think digital until recently. Pratap Bose, Chief Operating Officer at ad network DDB Mudra, argues that most clients don't know much about online advertising and spend on digital only because it is fashionable to do so. Madhukar Sabnavis, Vice Chairman at Ogilvy & Mather India, says apart from a handful of its clients such as telecom operator Vodafone, computer maker Lenovo and technology giant IBM, others have not yet asked for integrated solutions.

Big networks also rubbish the argument that their top executives,

"The difference between digital and traditional will blur and you will find a single team offering all services"

SHIV SETHURAMAN
CEO, TBWA India

RACHIT GOSWAMI

For previous stories on digital advertising, go to
www.businesstoday.in/archives-july2113

"Had the big agencies woken up on time they could not only have built up their capabilities organically but could have also won the clients' faith"

RAJIV DINGRA CEO, WATConsult

being in their fifties and sixties, are too old to learn new skills. Industry veteran M.G. Parameswaran, CEO of DraftFCB Ulka, recalls that when he started his career more than three decades ago, advertising was all about selling space in newspapers. Ad agencies changed themselves when radio and TV advertising grew, and they will adapt again when digital becomes important, he says.

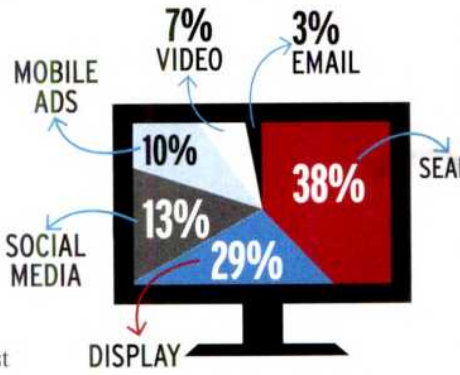
Network executives argue that most boutique agencies have set up shop only to be bought out. They say these agencies are under-pricing services to gain market share and boost their valuation before selling stakes. Madan Sanglikar, Co-founder and Managing Director of mobile advertising company ad2c, differs. He says the specialists are more transparent in pricing while the big networks have higher overheads. The networks will soon start offering "the right pricing" to stay competitive, he adds.

Most boutiques also have limited understanding of brands, says Venkataraman Mallikarjun, President at Tribal DDB, the digital arm of DDB Mudra. Dingra of WATConsult admits boutiques initially did not have adequate understanding of brands. But, he argues, these agencies are catching up with their bigger rivals in terms of brand knowledge.

Acquiring boutiques may be the fastest way to grow, but is it the best option? Indian ad agencies have not had the best of experiences with acquisitions. A classic example is that of Bates. The agency went through three mergers. The first was with Clarion in 1999, followed by the acquisition of Enterprise in 2005. In 2007, Ogilvy group agency David was merged with Bates. All the mergers failed. Sanglikar of ad2c says these did not work because the companies had similar skill sets. The recent acquisitions of boutiques will work because large networks do not have digital skills, he adds.

Where Digital Ads Go in India

Ad share of different kinds of online activity for 2012/13



Source: IMRB International

Acquisition Challenges

The challenge with most acquisitions will be to integrate the digital teams with the mainstream, says Sunil Gupta, who heads the South Asia region at Results International, an advisory firm specialising in acquisitions in new media and marketing communication sectors.

The bigger challenge for networks will be to get the mainstream team to think digital. The boutiques, too, will have to build expertise across all verticals in the digital space to have a long-term relationship with clients, says Preetesh Chauhan, Vice President for South Asia at mobile video advertising company Vdopia.

So, what does the future hold for Indian advertising? A decade from now, say experts, the Indian ad industry will be quite similar to that of the US and UK, where digital spends make up as much as 30 per cent of overall expenditure. But TV and print advertising in India will not fade away anytime soon. "I was told that the 30-second commercial would be passé way back in 1997. But it is very much there even today," says Parameswaran of DraftFCB.

The future will be one of integrated services. "The difference between digital and traditional will blur and you will find a single team offering all services," says Shiv Sethuraman, CEO of TBWA India.

And despite the recent acquisitions, boutiques and networks will continue to co-exist. As the networks upgrade their digital expertise, the current set of specialised services will become general. "A new set of specialised skills will emerge," says Sanglikar of ad2c. "That will lead to the emergence of newer boutiques." ◆

Send your comments to editor.bt@intoday.com

BATTLE AT THE GATE

With better technology, some start-ups are challenging the established players in the online payment gateway segment.

By TASLIMA KHAN

SRISTI

Chennai-based Direct to Home services operator, Sun Direct, began accepting online payments three years ago. It needed a payment gateway through which to make collections and chose two of the three well known companies in the segment – BillDesk and TechProcess Solutions Ltd. But recently, Sun Direct added a third company, a relative newcomer, the Mumbai-based Citrus. Today, Citrus takes care of 90 per cent of Sun Direct's collections, while the two older players handle the remainder. What prompted the shift? "Citrus is much more technologically advanced," says a senior executive in Sun Direct's marketing team, who does not want to be named. He notes that the failure rate for online payments to Sun Direct has dropped to less than 25 per cent from 30 to 40 per cent since Citrus took charge.

The failure rate of online payments is perhaps the biggest bugbear of e-commerce. Customers start the process, but do not complete it, and it is not always because they change their minds – something or other goes wrong. For most sites, the success rate of payments on purchases is not more than 60 to 65 per cent, and is a source of enormous bother. "Even a one per cent improvement in success rates can add ₹20 crore to our topline," says Kunal Bahl, CEO of Snapdeal, one of India's largest e-commerce sites. Any means of reducing payment failures is more than welcome.

HOW PAYMENT GATEWAYS WORK

Customer buys from an e-commerce site, **makes payment** by providing credit/debit/cash card details, or net banking related information

The site passes on the details to a **payment gateway company**

If it is a net banking transaction, payment gateway firm engages with the **customers' bank directly** to collect the payment

NISHIKANT GAMRE

"We see the fastest growth in government bodies and educational institutions taking to online payments"

SATYEN KOTHARI (right), Founder and Managing Director, Citrus, with Jitendra Gupta, CEO

That is why, although Gurgaon-based e-commerce start-up HealthKart makes its collections through five different online payment gateway companies, Citrus being only one of them, it is extremely gung-ho on Citrus. "We like the daily and monthly reports we get from Citrus pointing out which payment transactions failed, and why," says Prashant Tandon, Co-founder and Managing Director, HealthKart. "That helps us a good deal to look into the problem areas."

Sun Direct and HealthKart's responses are pointers to the great battle at the gate that is currently raging in the online world. Until recently, the three big players – BillDesk, TechProcess and CCAvenue – dominated the payment gateway segment. But they are suddenly being challenged by a host of newcomers – Citrus, Zaakpay, PayU among them – with claims of superior technology. Citrus has already acquired 650 clients across sectors and Zaakpay 170, while PayU, owned by the South Africa-based media giant Napster Group and with a presence in 16 countries, has 4,000.

SIZE OF THE DIGITAL COMMERCE MARKET

₹47,349 cr
End 2012

₹62,967 cr
End 2013

Source: IAMAI

"Online payments are broken," says Mohit Bhatnagar, Managing Director at venture capital firm Sequoia Capital. "These start-ups are trying to iron out the consumer experience with cute, innovative features." Sequoia Capital has invested in both Citrus and Zaakpay.

So how are the new technologies better? Usually, while making an online payment, a customer has to pass through at least eight separate hops – or fresh web pages – before the transaction is completed. At each hop, there is a chance of failure. Thus, reducing the number of hops makes an immediate difference. "Citrus has a one-click payment solution," adds the Sun Direct executive. So too Zaakpay has developed technology that reduces the number of hops from eight to two. "That raises the success rate by at least 15 per cent," says Upasna Taku, Founder-CEO, Zaakpay.

Again, Citrus has a feature by which, even when a transaction fails, the customer does not return to square one – instead he finds himself at the payments page, with the particulars he had filled in still remaining. PayU has the same facility. This reduces the customer's frustration level, and increases his chances of giving the payment a second try. To overcome the lack of trust that often keeps customers from making online payments, PayU has also set up a facility called PayU Paisa, under which it keeps the payments made by customers in a nodal account. The money is transferred to the e-tailer only after the item purchased reaches the customer.

Increasingly, e-commerce transactions are being routed through mobile phones and tablets, as well as social networking sites such as Facebook and Twitter. Payments gateways need to make adjustments to cater to these, and the new ones have been quick off the mark doing so.

If payment is made using a card, payment gateway company hands over its verification to the **big banks** it works with. These charge **around 0.2% of billed amount**

The big banks in turn check with the **Visa/ Mastercard network**. The latter charge **around 0.35%** of the bill per transaction

Once card is verified, the card issuing bank charges the customer and pays the payment gateway company. It charges **around 1.25%** as commission

The payment gateway company pays the e-commerce site, after keeping around **3%** as commission. But part of this commission is used to pay the banks, etc

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

"Reducing the number of hops from eight to two raises the success rate by 15 per cent"

UPASANA TAKU, CEO, Zaakpay

Zaakpay, for instance, has a specific solution for mobile phone transactions called Mpay. Mobikwik, a mobile recharge site which works with Zaakpay, Citrus and TechProcess, developed an Android app in August 2012 to facilitate purchases through mobiles. "We have been having better success rates with Zaakpay's mobile solution," says Bipin Preet Singh, Founder and CEO, Mobikwik.

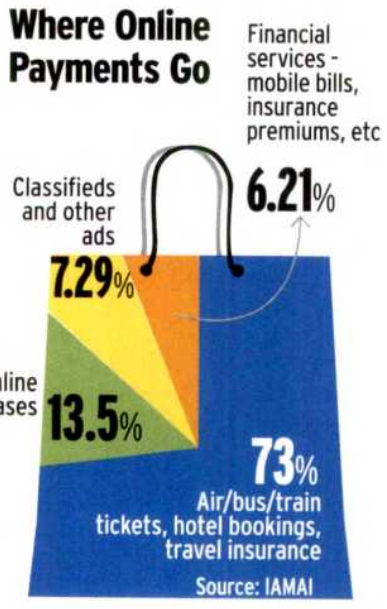
What is also helping the start-ups is the rapidly expanding e-commerce market. E-commerce is expected to grow from ₹47,349 crore in December 2012 to ₹62,967 crore in December this year, according to a report by the Internet and Mobile Association of India. The largest and most lucrative part of e-commerce is, of course, utility bill payments, but since the established players dominate this section, the start-ups are concentrating on newcomers in online retail and the small and medium businesses (SMBs). "Less than 10,000 of the 26 million odd SMBs accept payments online at present," says Nitin Gupta, CEO, PayU.

The potential for growth is enormous, more so because the established gateways do not find it worth their while to woo SMBs. "We only deal with large companies," says M.N. Srinivas, Founder-Director, BillDesk. Government bodies and educational institutions, many of which have only recently begun accepting online payments, are two more segments with potential. "We see fastest growth in these two areas," says Satyen Kothari, Founder and Managing Director, Citrus. "Even local bodies are thinking of moving online." He counts a number of such agencies, like the National Institute of Fashion Technology and the Ahmedabad Municipal Corporation, among his clients.

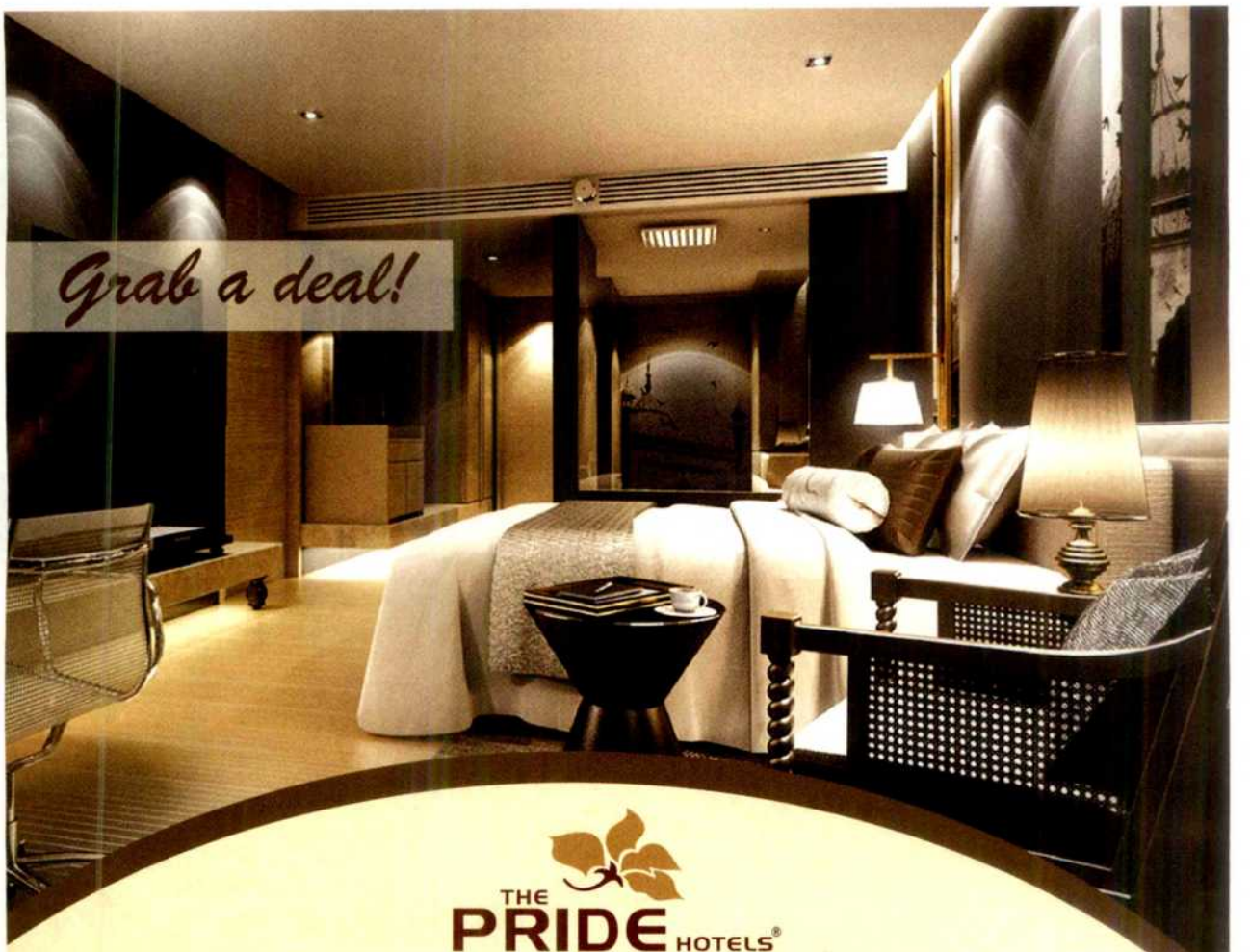
One advantage of focusing on online purchases rather than bill payments is that the former usually comprise larger amounts. Since e-commerce sites pay gateways a percentage of the transaction size, there is more to be earned per transaction. "If you are focusing on 'pay transactions' rather than 'buy transactions', you cannot make much money unless you handle hundreds of thousands of them daily," says Rahul Khanna, Managing Director at venture capital firm Canaan Partners. The exact percentage gateways get varies – a newcomer e-tailing site is usually charged an installation fee between ₹5000 and ₹35,000, plus anything between two to five per cent of the value of each transaction. Established sites, with heavy traffic, pay less.

But competition is only going to heat up from now on. The big boys too are responding to the new trends - CCAvenue, for instance, has launched 'Social Network In-stream Payments', a facility which enables e-tailers to accept payments through social networking sites. Some e-tailers have chosen to stick to bigger players – Flipkart with CCAvenue, for instance – while integrating directly with bank servers for credit and debit card transactions. They are also investing in-house to improve collections. "We are trying to plug payment loopholes using big data analytics," says Mekin Maheshwari, Head, Digital Media and Payments, Flipkart. Snapdeal has already launched its own payment service TrustPay, similar to PayU Paisa.

Finally, none of the payment gateways, not even the established players, have so far become brands in their own right, such as global auction site eBay's Paypal or the China based Alibaba's Alipay. "But the next step could be consumer payment brands," says Sequoia's Bhatnagar. Gupta of PayU hopes so. "The revenue potential is much bigger in such cases as you are targeting a much bigger base of customers," he says. ◆



Send your comments to editor.bt@intoday.com



THE PRIDE HOTELS®
the essence of business

Allow yourself to indulge a little more as the Pride Group of Hotels offers you some mind blowing deals, such as:

Book Early Get More
Business Edge
Weekend Savers
The Pride Premium and Suite Surprises
The Pride Long Stay Bonanza
Spa Indulgence Package
Last Minute Deal

For more details visit: www.pridehotel.com

Ahmedabad | Bengaluru | Chennai | Kolkata | Nagpur | Pune
Panchkula (Chandigarh) | Kanha | Cochin | Alleppey | Ranipet | Jaipur | Sriperumbudur

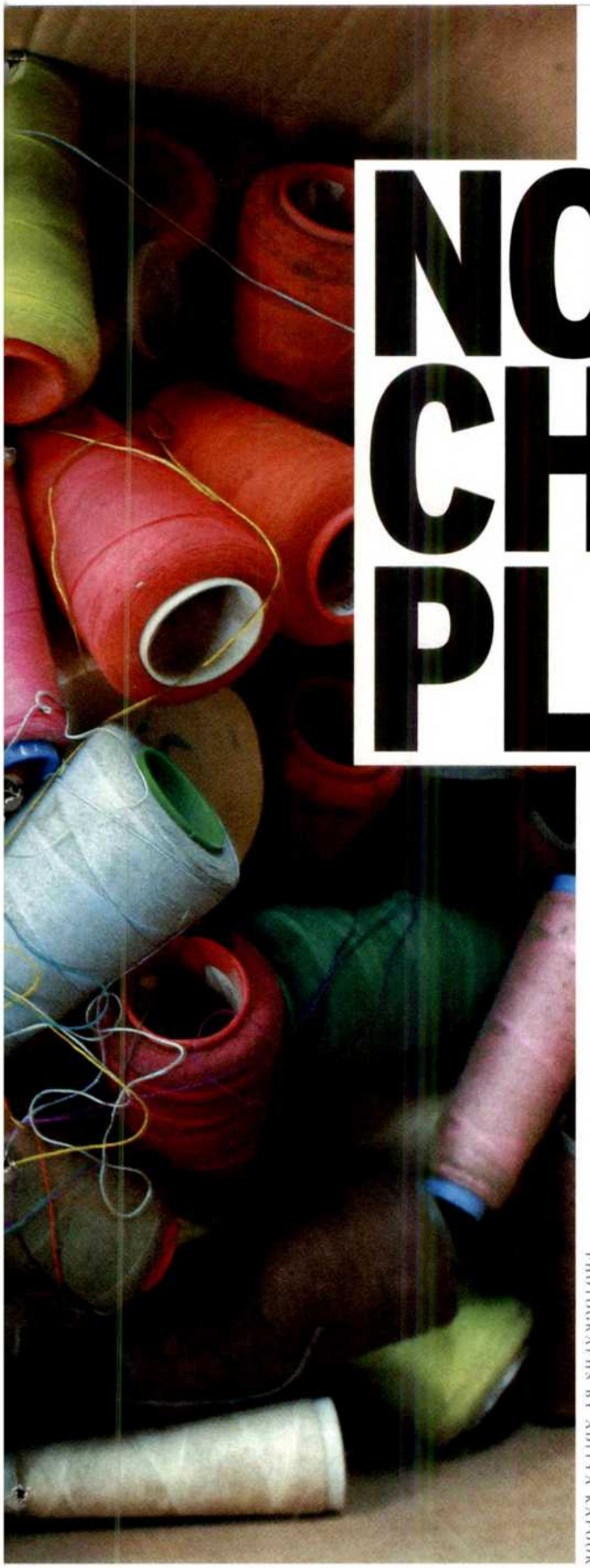
UPCOMING -
New Delhi (2013) | Indore (2013) | Goa (2014) | Pench

Toll free : 1800 209 1400 | Sales Offices nos- Kolkata - 033 40259999, Chennai - 044 43989898
Bombay – 022 40059300, Delhi - 011 41606677, Hyderabad - 9885146462. www.pridehotel.com

www.facebook.com/ThePrideHotels www.twitter.com/ThePrideHotels www.youtube.com/ThePrideHotels

XION/CRP/353

Neck-deep in trouble: Kids' wear retailers who expanded recklessly are now burdened by heavy debt and poor brand recall



PHOTOGRAPHS BY ADITYA KAPOOR

NO CHILD'S PLAY

Home-grown retailers of children's wear are struggling along a steep learning curve.

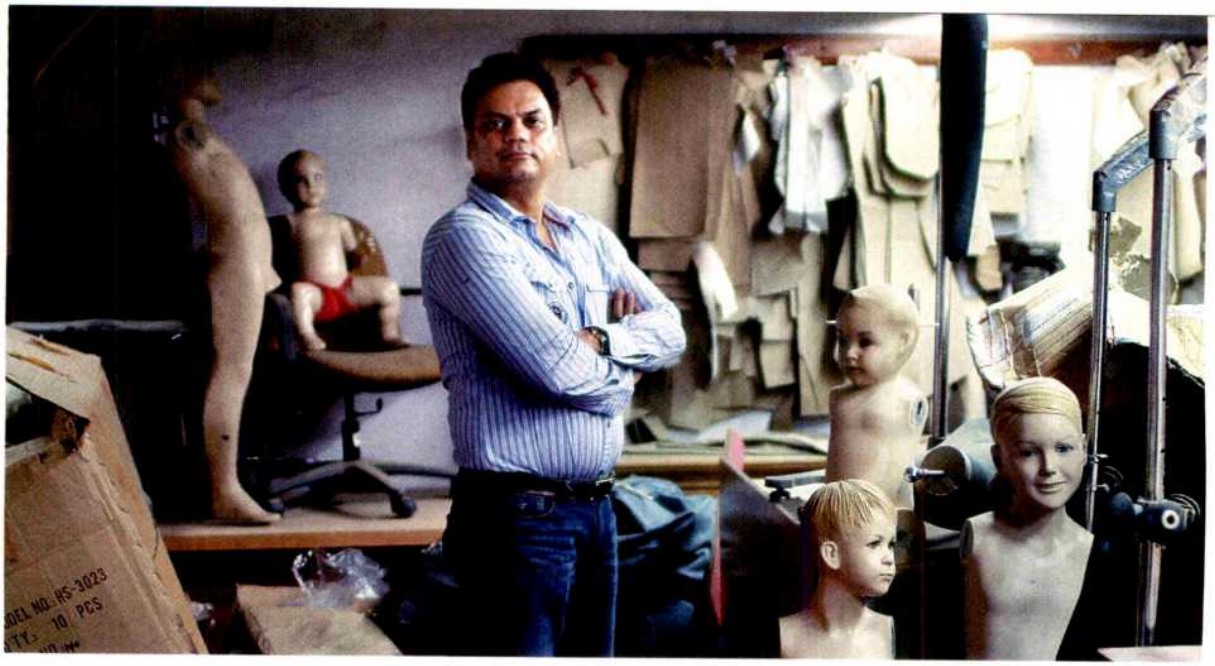
By SARIKA MALHOTRA

Being taken to court by a private equity investor in May was just the latest on the list of troubles of home-grown kids' wear retailer Catmoss. The private equity firm, SAIF Partners, alleged that Catmoss was selling company assets, doctoring its books and fudging meeting minutes. Last year, SAIF roped in accounting firm KPMG to carry out a limited audit of Catmoss Retail, suspecting that Catmoss's management mismanaged its ₹100 crore investment.

In 2011, PE firms Bain Capital and TPG Capital took Lilliput Kidswear to court over alleged accounting fraud. In a compromise last October, both the PE investors wrote off their entire investment in Lilliput and transferred their holdings to the promoters.

The organised children's wear market is suffering from growing pains. Catmoss and Lilliput are two of its three organised retail chains – and the third retailer, Gini & Jony, is not in great shape either. The organised segment, according to PwC, accounts for about five per cent of the market. It is paying the price for reckless expansion, in the form of heavy debt, poor brand recall, high rent costs, and continued competition from mom-and-pop shops in a highly fragmented market.

Things need not have been this way. The potential market – children up to 12 years old – is a good 23 per cent of the population. The kids' wear segment is one of the fastest growing in the country's apparel industry.



KPMG estimates the size of the kids' wear market in India at ₹28,000-30,000 crore, and expects it to reach ₹43,000 crore by 2016 and ₹72,000 crore by 2021. Given such expectations, companies went on expansion sprees, and PE investors backed them.

"One calculates as per the market forecast," says Anil Lakhani, Executive Director of Gini & Jony, which opened India's first exclusive kids' wear store in 1996/97 in Hyderabad. "Before 2009, everyone bought into the India shining story." Such was the euphoria that the company was set to go public in 2008, and planned to have a total of 260 exclusive brand outlets by the end of 2009 and 300 a year later. "Gradually, we went through a learning curve and corrected as per the new market reality," he says. Gini & Jony shelved its IPO plans and now depends heavily on internal accruals for expansion. The number of its exclusive outlets went up from 191 in 2010/11 to 203 in 2011/12, and dropped to 188 in 2012/13.

Lilliput, which had exported to international retailers since 1991, ventured into direct retail in India with its first store in New Delhi in 2003. By September 2011, it had 290 exclusive stores in India and 40 in 10 other countries. It has since shut down international operations, and the number of stores in India had dropped to 240 by 2012.

"We have shut down international operations, as the focus right now is on cash sales to improve cash flow"
SANJEEV NARULA, Chairman & MD, Lilliput Kidswear

Sanjeev Narula, Lilliput's Chairman and Managing Director, says: "We have shut down international operations. The focus now is on cash sales to improve cash flow." Lilliput, which is servicing debt of ₹850 crore, says its entire debt has been restructured by 10 banks.

Rival Catmoss – which opened its first store in New Delhi in 2004 and had 165 exclusive outlets as of last year – had secured loans of ₹76.82 crore and unsecured loans of ₹7.7 crore, according to its filing with the Registrar of Companies on March 31, 2010. More recent figures are not available.

PwC Associate Director Rashmi Upadhya says funding will remain the biggest challenge for companies in this sector. Accusations of financial irregularities have sent out the wrong signals to investors, making growth harder for these cash-strapped companies, which are already wrestling with huge debts.

Analysts say that all three retailers expanded too quickly to achieve deeper penetration in a nascent market.

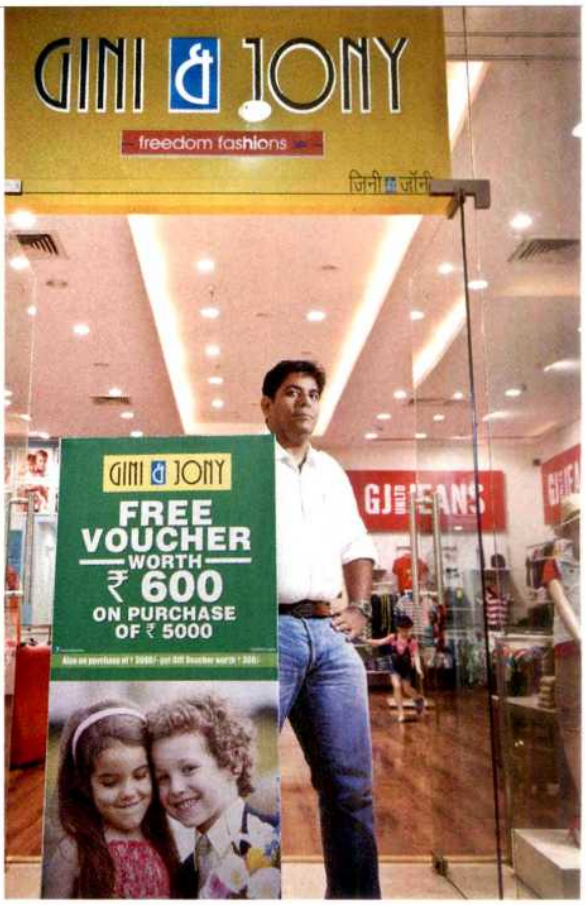
IN PERSPECTIVE
The Indian market for clothes* for children up to 12 years

About **₹30,000 cr** today. It is expected to grow to ₹43,000 cr by 2016 and ₹72,000 cr by 2021

The top three organised players account for **less than 5%** of the market

*Excluding school uniforms

Sources: KPMG & PwC



RACHIT GOSWAMI

PwC's Upadhya says that given the high cost of real estate, even though revenues grew in some cases, revenue per store lagged, and this hurt cash flow. Stretched balance sheets became a breeding ground for financial irregularities.

Ritu Marya, Editor-in-Chief at Franchise India Holdings Ltd, a franchise and retail solutions company and publisher of *Retailer* magazine, says some companies dabbled in too many things, although they did not have adequate resources and supply chain support. They lacked not only the funds necessary for the aggressive expansion of company-owned and -operated stores, but also the organisational strength to service franchisees.

Besides, these companies could not build brand recall, especially as their products did not stand apart from the offerings in the larger unorganised market. Nor were they able to overcome the personal relationships that mom-and-pop stores had with customers. Giny & Jony's Lakhani says the biggest competition for branded products is the value market.

Take the example of art teacher and customer Shikha Joshi, who shops for her 20-month-old daughter at a local store in her West Delhi neighbourhood. She says: "A branded dress costs ₹500 to ₹600. Even on sale, it would cost at least ₹350. I can get a similar one from the local store for ₹200." She adds that she does buy her daughter branded clothes, but only for special occasions; most of her child's clothes are from the local shop.

"Before 2009, everyone bought into 'India Shining'. We corrected as per the reality"
ANIL LAKHANI, Executive Director, Gini & Jony

As if they don't have enough on their hands, the three branded wear companies now have to worry about new rivals entering the market – rivals with deep pockets and a clear strategy. Mahindra Retail Pvt Ltd, part of the $15.9-billion Mahindra Group, launched a venture called Mom & Me in Ahmedabad and Ludhiana in 2009, which quickly gained a foothold in the infant market. Mahindra Retail Managing Director K. Venkataraman says: "We entered with a focus on the mother and child segment and developed relationships with customers so that they grow with us. Women who have used our products during maternity continue to do so in the baby's infant years, followed by toddler years."

Mahindra is not the only threat to the older kids' wear brands. Shoppers Stop has launched its own brand, Carrot, in the segment. Benetton, Pantaloons and Allen Solly have also jumped on to the children's wear bandwagon. So have international luxury brands such as Zara, Gucci, Fendi and Dior. Analysts say this rising tide has helped create brand awareness and clearly segment the market.

"With less time on hand, the family would like to complete its entire apparel shopping under one roof, rather than going ... to an exclusive kids wear store," says Lakhani of Giny & Jony. "These retailers give them the comfort of shopping for everything under the same roof." He says his company plans to concentrate on kids' wear, as that is its area of expertise.

Most companies agree that there is a market for just about every player in India. Home-grown children's wear brands are banking on their expertise in production, sourcing, and design. Lilliput's Narula says: "We have learnt the hard way how this market works, the power of regional designing – what sells in the North does not sell in the South – and how colours work in different markets."

Lessons learned, Lilliput plans to float an IPO. Narula says: "India is the biggest kids' wear market in the world. The Indian consumption story is intact. It's a great opportunity. In the next 10 months, we will hit the market." ◆

Send your comments to editor.bt@intoday.com

Couching Tiger Tames the Dragon

LIU JIN/AFP/GETTY IMAGES

Everything under the sun: Local shoppers at an IKEA furniture store in China's Chengdu city

EXECUTIVE SUMMARY

IKEA is known globally for its low prices and innovatively designed furniture. In China, however, it faced peculiar problems. Its low-price strategy created confusion among aspirational Chinese consumers while local competitors copied its designs. This case study analyses how IKEA adapted its strategies to expand and become profitable in China. It also assesses some lessons the company learnt in China that might be useful in India, where it plans to open its first store by 2014 and 25 stores in 10 to 15 years.

By VALERIE CHU, ALKA GIRDHAR and RAJAL SOOD

Swedish furniture giant IKEA was founded by entrepreneur Ingvar Kamprad in 1943. He began by selling pens, wallets and watches by going door to door to his customers. When he started selling his low-priced furniture, his rivals did everything to stop him. Local suppliers were banned from providing raw material and furniture to IKEA, and the company was not allowed to showcase its furniture in industry exhibitions. What did IKEA do? It innovated to stay in business. It learnt how to design its own furniture, bought raw material from suppliers in Poland, and created its own exhibitions. Today, IKEA is the world's largest furniture retail chain and has more than 300 stores globally.

In 1998, IKEA started its retail operations in China. To meet local laws, it formed a joint venture. The venture served as a good platform to test the market, understand local needs, and adapt its strategies accordingly. It understood early on that Chinese apartments were small and customers required functional, modular solutions. The company made slight modifications to its furniture to meet local needs. The store layouts reflected the typical sizes of apartments and also included a balcony.

IKEA had faced similar problems previously when it entered the United States. The company initially tried to replicate its existing business model and products in the US. But it had to customize its products based on local needs. American customers, for instance, demanded bigger beds and bigger closets. IKEA had to make a number of changes to its marketing strategy in the US. The challenges it faced in China, however, were far bigger than the ones in the US.

As the company opened more stores from Beijing to Shanghai, the company's revenue grew rapidly. In 2004, for instance, its China revenue jumped 40 per cent from the year before. But there was a problem – its local stores were not profitable.

IKEA identified the strategic challenges and made attempts to overcome them. One of the main problems for IKEA was that its prices, considered low in Europe and North America, were higher than the average in China. Prices of furniture made by local stores were lower as they had access to cheaper labour and raw materials, and because their design costs were usually nil.

IKEA built a number of factories in China and increased local sourcing of materials. While globally 30 per cent of IKEA's range comes from China, about 65 per cent of the volume sales in the country come from local sourcing. These local factories resolved the problem of high import taxes in China. The company also started performing local quality inspections closer to manufacturing to

How IKEA's Strategies Differ in Europe and China

	Europe	China
VALUE PROPOSITION	Good quality, stylish furniture at prices so low that everybody can afford it	Good quality, Western-styled aspirational brand for the middle-class population
VALUED NETWORK		
Product	Stylish, functional products and home furnishings	Slight modifications to products to suit the local market and reflect Chinese apartment sizes
Store Location	The suburbs, next to highways so that access by car is easy	The outskirts of cities, next to rail networks as most customers use public transport
Price	Low-cost	Affordable prices
Promotion	IKEA catalogue is the main marketing tool	Advertising on Chinese social media and micro-blogging website Weibo has been popular
Logistics	Products are sourced and made in developing nations like China and Malaysia, and then shipped to Europe	Raw material and products are sourced locally. IKEA also built two factories in Shanghai to avoid high import taxes

save on repair costs.

Since 2000, IKEA has cut its prices by more than 60 per cent. For instance, the price of its "Lack" table has dropped to 39 yuan (less than five euros at current exchange rates) from 120 yuan when IKEA first came to the Chinese market. The company plans to reduce prices further, helped by mass production and trimming supply chain costs.

High prices were one of the biggest barriers in China for people to purchase IKEA products. IKEA's global branding that promises low prices did not work in China also because western products are seen as aspirational in Asian markets. In this regard, IKEA's low-price strategy seemed to create confusion among Chinese consumers.

The company realised this and started targeting the young middle-class population. This category of customers has relatively higher incomes, is better educated and is more aware of western styles. Targeting this segment helped IKEA project itself as an aspirational western brand. This was a massive change in strategy, as IKEA was targeting the mass market in other parts of the world.

The main problem for IKEA was that its prices, considered low in Europe and the US, were higher than the average in China

IKEA also had to tweak its marketing strategy. In most markets, the company uses its product catalogue as a major marketing tool. In China, however, the catalogue provided opportunities for competitors to imitate the company's products. Indeed, local competitors copied IKEA's designs and then offered similar products at lower prices. IKEA decided not to react, as it realised Chinese laws were not strong enough to deter such activities. Instead, the company is using Chinese social media and microblogging website Weibo to target the

IKEA'S INDIA ROLLOUT WILL BE SLOW

"FDI in retail in India has been a non-starter, hopelessly mired in special-interest politics"

PROF NIRMALYA KUMAR,
Professor of Marketing and Director of the Aditya Birla India Centre at London Business School

The success of IKEA in China is an interesting adaptation example by a global retailer. Yet, it may not be much of a predictor of IKEA's fortunes in India. This may have less to do with IKEA and more to do with the economic policies of India.

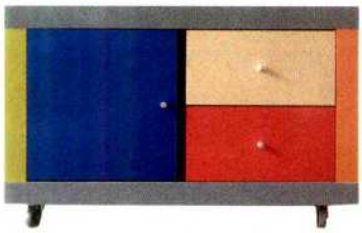
A well-designed foreign direct investment (FDI) policy should have resulted in a rush of much-needed foreign investment to India, upgrading of the supply chain, modernisation of the retail sector, as well as more choices for consumers with lower prices. Instead, FDI in retail, like in higher education, has been a non-starter, hopelessly mired in special-interest politics. The rules are so onerous that a mass retailer such as IKEA will find it hard to meet them without penalising customers with higher prices and lower choice. Also, it will be difficult for IKEA to find the type of location (size, off a highway, with great links to a major metropolis) that is crucial to the success of its business model. This will mean the first store will take much longer to open than Indians expect and the rollout will be painfully slow. Fortunately, as a privately held company with a long-term orientation, IKEA will persevere where more impatient publicly held firms may have given up.

For India to kick its economy back to the growth rates necessary for meeting the aspirations of its citizens, we need to roll out the red carpet for foreign investors instead of red tape. Competition law and trade policies are supposed to ensure that a free competitive marketplace exists, with easy entry and exit, not protect existing competitors from new entrants. Capitalism without failure is like religion without sin.

urban youth.

IKEA also adjusted its store location strategy. In Europe and the US, where most customers use personal vehicles, IKEA stores are usually located in the suburbs. In China, however, most customers use public transportation. So the company set up its outlets on the outskirts of cities which are connected by rail and metro networks.

The China expansion came at a cost. Since 1999, IKEA has been working on becoming more eco-friendly. It has been charging for plastic bags, asking suppliers for green products, and increasing the use of renewable energy in its stores. All this proved difficult to implement in China. Price-sensitive Chinese consumers seem to be annoyed when asked to pay extra for plastic bags and they did not want to bring their own shopping bags. Also, a majority of suppliers in China did not have the necessary technologies to provide green products that met IKEA's standards. Helping them adopt new technologies meant higher cost, which would hurt business. IKEA decided to stick with low prices to remain in business.



Chinese competitors copied IKEA's designs from its catalogue and then offered similar products at lower prices

As IKEA prepares to enter India, its China experiences will come in handy. It understood that in emerging markets, global brands may not replicate their success using a low-price strategy. There always will be local manufacturers who will have a lower cost structure.

It is more important what customers think about the company rather than the other way around. IKEA wanted to be known as a low-price provider of durable furniture, while Chinese consumers looked at IKEA as an aspirational brand. It is likely that Indian consumers will also look at IKEA in a similar way.

THE MAIN CHALLENGE IS TO ADAPT

There is no formula for success that fits all marketing strategies when a global brand decides to try a new market, except perhaps unconditional acceptance and responsiveness to changes. The greatest challenge is to adapt constantly. It's essential for successful marketing campaigns to take into consideration the local approach versus the global/regional desire for standardisation. A one-size-fits-all approach is a rare reality. A consistent global brand promise is a desirable asset but what makes a real difference is to be brave and ready to change the target audience and build a differentiating promise.

IKEA made all necessary adjustments to make sure there was no mismatch in its growth ambitions and brand promise. Becoming an aspirational brand which is blogging with the Chinese middle-class youth is an unexpected twist in its brand proposition. IKEA demonstrated courage to get the most relevant changes. By courage I mean all big corporations are ready to shift production, work with local sources, overcome legal requirements but not too many of them are ready to adapt a brand proposition that suits the level of development the market and consumer perception require.

IKEA is a strong brand that understands that growing globally requires sacrifices and innovation from global teams, and they are ready to listen, respect and learn from the local environment. The European headquarters' excitement to enter new markets with proven best practices is something of the past, proving that the real shift in the global mindset is to recognise that local versus global can bring optimum results.

"It's essential for successful marketing campaigns to take into consideration the local approach"

YELENA ZUBAREVA,
Regional Marketing Manager, FWS/OEM SHELL

The company also learnt that emerging economies are not ready for environment-friendly practices, especially if they result in higher prices. IKEA, famous for its flat-pack furniture which consumers have to assemble themselves, realised that understanding the local culture is important – Chinese people hate the do-it-yourself concept and Indians likely do so even more.

IKEA may face some India-specific challenges such as varying laws in different states ruled by different political parties. This could make its operations, especially distribution and logistics, a bit challenging. IKEA already has had to wait a long time to get permission to open stores in India. The delay in policy-making at the state level could be even longer.

In India, IKEA may face some country-specific challenges such as varying laws in different states

Indian customer preferences and economic environment are similar to the Chinese market. IKEA will likely have hopes of attracting India's urban middle-class buyers who are keen on decorating their homes with stylish international brands. The company has learnt that doing business in emerging markets is a different ball game for a multinational company. IKEA did well to adapt in China, although it took numerous changes to its strategies and more than 12 years for the company to become profitable in the Asian nation. ◆

(This case study is from the Aditya Birla India Centre of London Business School.)

What can we learn from IKEA's brand adaptation in China? Post your comments at www.businesstoday.in/casestudy-ikea. The best response will win a copy of ***India Inside*** *by* ***Nirmalya Kumar*** *and* ***Phanish Puranam****. Previous case studies are at www.businesstoday.in/casestudy*

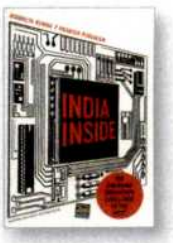
BEST OF THE LOT

BT receives scores of responses to its case studies. Below is the best one on 7-Eleven in the issue dated May 26, 2013

Arjun Sood [arjunsood12345@gmail.com]; Post Graduate in Rural Management (2011-13), Institute of Rural Management Anand

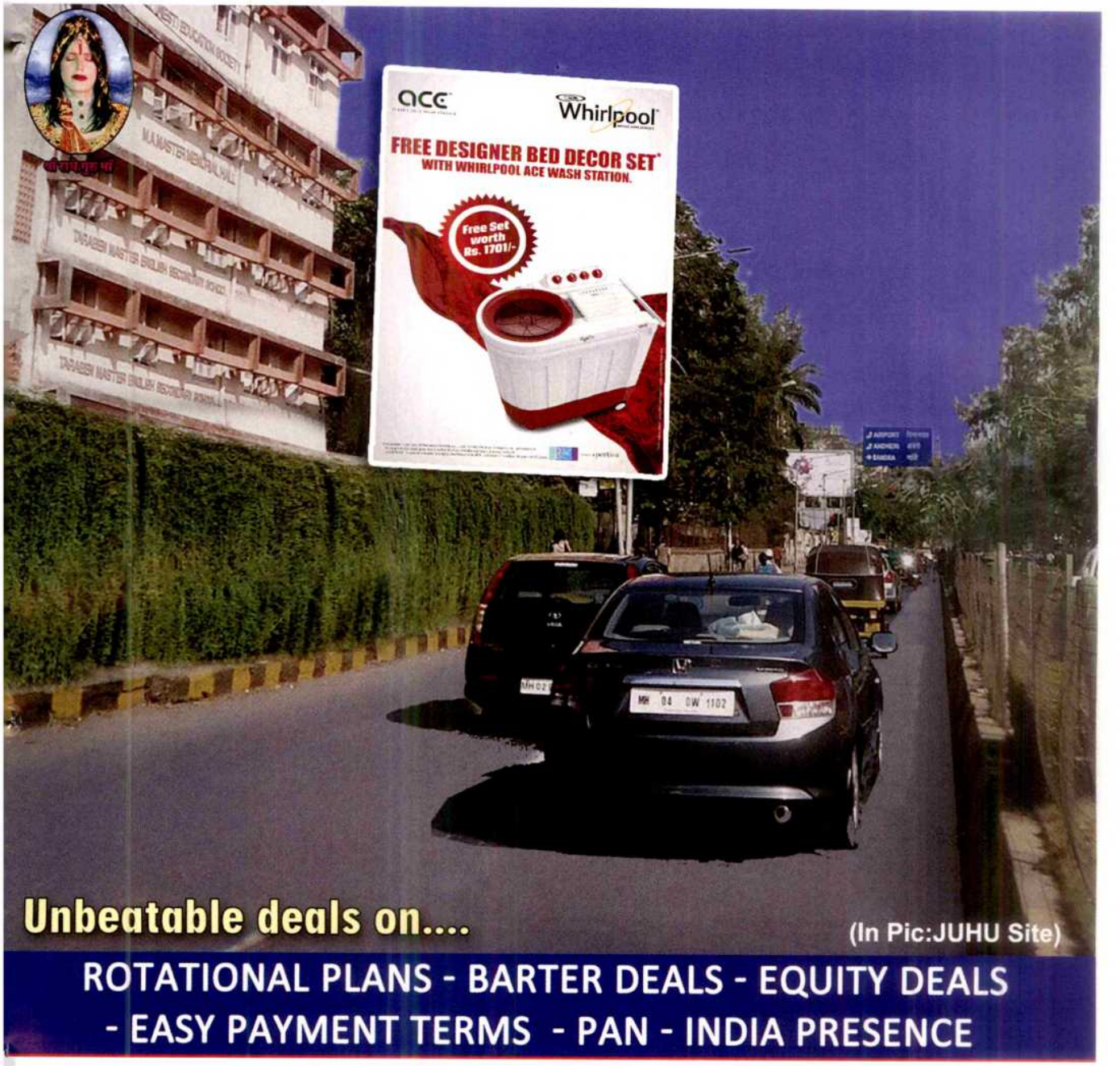
The 7-Eleven case is an apt example of multinational corporations adopting different strategies to enter and sustain in new markets. The corporations are shedding their standardised notions and are becoming flexible for local markets. It is interesting to see how 7-Eleven followed its overall vision (the concept of convenience stores) but positioned itself differently in Indonesia. That is the power of a brand.

International players across various sectors such as automobiles, fast food, furniture, banking and finance, clothing and retail are vying for Asian markets. Entry into these markets may be easy but sustaining requires in-depth understanding and then adapting to the culture, fashion and spending habits, and demography of the patron country. McDonald's followed this adaptive strategy in India when it launched McAloo tikki burger to attract customers. Since then McDonald's has been working to add variety to the India-specific menu (Masala grill being the latest addition).



It would have been enriching had the case study covered the following aspects: Does the company follow this adaptive strategy in other countries also or does it stick to its original strategy? What are the possible negatives of such a strategy? Does such a strategy hamper the efforts of an organisation to create a uniform brand identity?

Arjun Sood wins a copy of India Inside *by Nirmalya Kumar and Phanish Puranam*



17 Years || 1700 Campaigns || 1200 Product Launches || 350 In-Film Brandings
1500 Event Sponsorships || Barter Deals || Rotational Plans || Online and PR Support

* HOARDINGS
* BUSES
* BUS SHELTERS

GLOBAL ADVERTISERS

* AIRPORT MEDIA
* RAILWAY MEDIA
* INNOVATIONS

Sanjeev Gupta- 9820082849

E-Mail: sanjeev@globaladvertisers.in www.globaladvertisers.in

MONEY

ESSENTIAL TERMS
UNDERSTANDING THE DIFFERENT ORDERS COMMONLY USED IS THE FIRST STEP TO TRADING SUCCESSFULLY ON THE BOURSES

SANTOSH

Getting the Order Right

A glossary of the most commonly used stock orders.

By RAHUL OBEROI

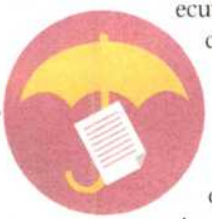
The list of different kinds of sell/buy orders that can be placed with one's stockbroker is long and confusing. We explain what the most widely used ones mean.

Market Order: Most commonly placed order is for buying and selling at the best possible price. The stock buyer asks the broker to do so at the lowest available price. The seller asks the broker to look for the highest offer. Both, of course, do not know at what price their stock will finally be bought or sold. "Market orders are executed immediately, but the price is not guaranteed. The last traded price is not necessarily the price at which the order will be executed. In volatile markets, it often deviates from the last quote," says Mayuresh Joshi, Vice President, Institution, Angel Broking.

Limit Order: Here, the buyer keys in the price limit beyond which he will not buy. The broker can buy only at the specified price or lower. Similarly, the seller specifies a limit below which he will not sell. "A limit order is placed when the market is volatile and the investor ex-

pects the price to come down from the day's range. It may also be placed at a level perceived to be good from fundamental and technical perspectives," says Vikram Dhawan, Director, Equentis Capital. If either price and quantity conditions cannot be met, it is not executed. If it cannot be executed immediately, it remains valid till the end of the trading session. The term 'limit order book' refers to the fact that only limit orders are stored in the book and all market orders are crossed against the limit orders in the book.

Market Protection Order: While placing an order on the Bombay Stock Exchange, clients can specify the deviation from the current offer/bid price up to which the order can be executed. For instance, if you enter two, it means you want the order to be executed at a price plus or minus two per cent the current market price. It will not be executed if this range is crossed. "If there is no bid within the specified range, the order will be cancelled. In case of part execution of the order, the remainder will be converted into a limit order at the same price," says Vishal Gulechha, Head, Equity Product Group, ICICI Securities. Though this order is the same as the limit order in most aspects, there is one difference – if it cannot be executed immediately, it is cancelled, unlike the limit order, which remains valid for a day.



Day Order: This order is valid only on the day it is placed, the assumption being that factors that drive the market may change any time and thus investment decisions need to be taken afresh daily. "It works best in volatile markets when the investor is unsure about timing the price changes in a security and so waits for the market to open the next day to decide his new strategy," says Shantanu Deb Mookerjea, executive director, LSI Financial Services Day only orders are good for only the current trading session, not even the extended-hour sessions that occur before the markets open and after they close.

Stop Order: It is a conditional limit order which is activated only when the market price of the security crosses a threshold specified by the investor in the form of Stop Loss Trigger Price (SLTP). There are two conditions under which this order can be used. One, when the stock is expected to fall below the trigger price. If that happens, it gets sold. For example, if a trader has bought 100 shares of IndusInd Bank at ₹405, and places a stop at ₹395, his holding will be sold the moment the stock falls below ₹395. Two, sometimes an investor may want to buy a stock if it rises above a certain level. "Only intra-day traders should place this order. Stop orders can limit losses," says A.K. Prabhakar, Senior Vice President and Head, Equity Research (Retail), Anand Rathi

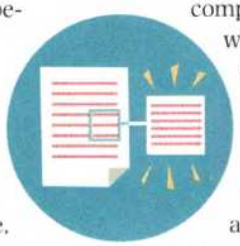
Financial Services. Stop-loss orders are kept in a separate book.

Fill or Kill Order: It is an order to buy/sell a certain number of shares and meant for immediate execution. If it cannot be fulfilled immediately, it is cancelled. "The order must be filled in its entirety. Partial fills are not allowed," says Rakesh Goel, Senior Vice President, Bonanza Portfolio. Market experts say this order is used only under special circumstances. For instance, a mutual fund manager might want to buy a certain number of shares to gain from a big intra-day trading opportunity. This is because a normal order that is only partially executed may change his targeted portfolio composition.

Disclosed Quantity Order: This order allows disclosure of only a part of the order quantity to the market. For instance, an order of 1,000 with a disclosed quantity mandate of 200 means the market will know you are buying just 200 shares. After this, the order for another 200 will be released, and so on, till the full order is executed. However, the exchanges set minimum disclosed quantity criteria from time to time.

Short Sale Order: It is an order for selling securities or financial instruments borrowed by the investor, with the intention of purchasing them later at a lower price. It works when the market is falling or is expected to fall.

Basket Order: Basket trading helps investors enter orders for a set of stocks which are either index constituents or part of a basket created by them. In this, multiple stocks are bought in a single order. It broadly follows the path of the market order. For example, if you want to buy Infosys, Reliance Industries and Tata Steel stocks, you can key in the details on your trading platform and place the order at one time instead of buying them separately. Or the complete order can be saved in an excel file, which gives the freedom to change prices and quantities for any stock any time.

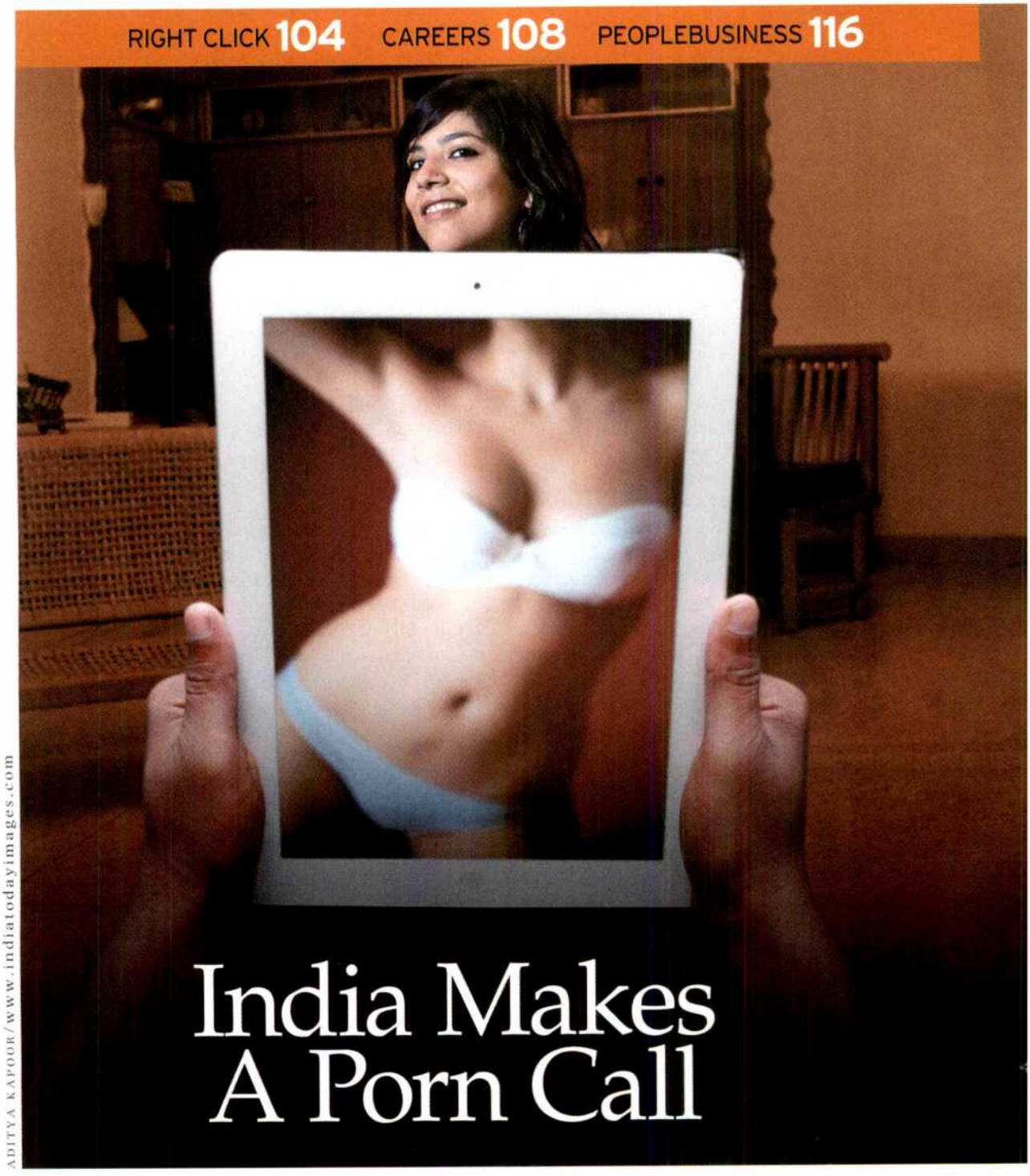


Valid Till Cancel Order: It is a buy or sell limit order which remains valid for 45 days. It can be placed both during and after market hours and allows clients to specify the number of days for which they wish to place the order. Clients can place the order with a validity of 45 days, and be sure the shares will be bought or sold if the desired price levels are reached. "This type of order serves the twin purposes of eliminating the need for placing orders again and again and buying/selling stocks at desired prices. It is unique to ICICIdirect.com," says Gulechha of ICICI Securities. ◆

Courtesy: *Money Today*

LAST BUT NOT LEAST

RIGHT CLICK 104 CAREERS 108 PEOPLEBUSINESS 116



India Makes A Porn Call

ADITYA KAPOOR/www.indiatodayimages.com

Indians are avid consumers of porn, and mobile devices are making their access to the world's top porn sites easier. By NANDAGOPAL RAJAN

It is late evening and a handful of labourers are milling around a small cellphone shop in an East Delhi neighbourhood. They are there for their weekly recharge of talk time – and porn clips. One of them has saved enough to buy a second-hand smartphone. The four-inch screen is cracked, but he looks forward to watching Bollywood clips for ₹1 apiece. With the apps downloaded on his phone he will no longer need the phonewallah to refresh his stock of "*garam* videos".

More than half of India's 150 million Internet users access the web from their phones. Porn accounts for at least 30 per cent of all web traffic, so it is no surprise that this ratio is reflected in mobile Internet usage as well. With the increasing popularity of smartphones, there has been a proliferation of data-hogging porn apps that makes it easier to access adult content.

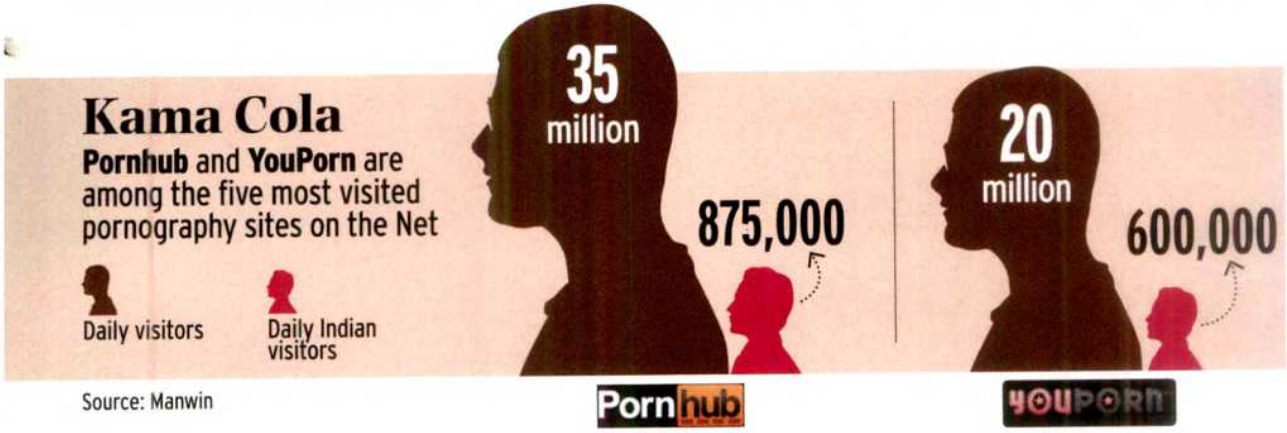
Publishing or transmitting pornographic material in electronic form is an offence under the Information Technology (Amendment) Act, 2008. This is why hardly any adult website or porn app is hosted on Indian territory. But the government does not crack down on the private viewing of adult material.

Phone porn is not really new. It started in the early 1990s, when sex chats resulted in some Indian households running up six-figure phone bills. When Internet access finally came to the cell phone, many Indians logged on to their favourite porn sites from the smaller but much more personal screens, despite horrible download speeds.

With the advent of apps and 3G, accessing adult content has become easier than ever before. From the vintage Linda Lovelace to Sunny Leone, they are all now literally in people's pockets. There is practically no data on how much porn is flowing through the pipelines. Indian companies, from mobile service providers to app trackers, don't want to discuss the topic.

The global legal porn industry is worth at least $10 billion, according to a rough industry estimate, but this figure is outdated. One of the most authoritative studies on porn usage, compiled in the form of a book called *A Billion Wicked Thoughts*, by Sai Gaddam and Ogi Ogas, was published in 2010. Gaddam, a Bangalore-based computational neuroscientist who helps companies understand consumer behaviour from the data they generate, says their studies showed that four per cent of websites and 13 per cent of searches are for porn. He adds that smartphones are likely to have changed some of these figures. "Smartphones have made access to porn more convenient," he says. "Major porn sites started mobile versions in recognition of this."

The trend is obvious. Kate Miller, director of communications and marketing at Manwin, a Luxembourg-based company that owns top adult websites YouPorn and Pornhub, said in an e-mail interaction that her company has seen a pronounced increase in visits via mobiles and tablets. "Our team has taken note of the increase, and continuously works to enhance the user experience on the devices." The two websites from Manwin alone get around two million hits a day from India, increasingly from mobile devices (see *Kama Cola*). If this is any indication, the daily traffic to porn sites from computers and mobile phones in India could be staggering. Manwin is perhaps the world's largest porn network, and its sites



DOUBLE ISSUE

ON SALE NOW!

HBRSASIA.ORG

SOUTH ASIA

Harvard Business Review

JULY–AUGUST 2013

52 Leadership
How to Balance Competence and Warmth
Amy J.C. Cuddy, Matthew Kohut, and John Neffinger

84 Innovation
Growth Traps to Avoid
Donald L. Laurie and J. Bruce Harreld

124 Managing Yourself
Getting the Most Out of Your Quants
Thomas H. Davenport

SPECIAL DOUBLE ISSUE

Influence

How to Get It
How to Use It

India ₹750
Bangladesh Taka 1,250
Bhutan Ng 775
Myanmar K 110
Nepal N Rs 1,250
Sri Lanka Rs 1,800

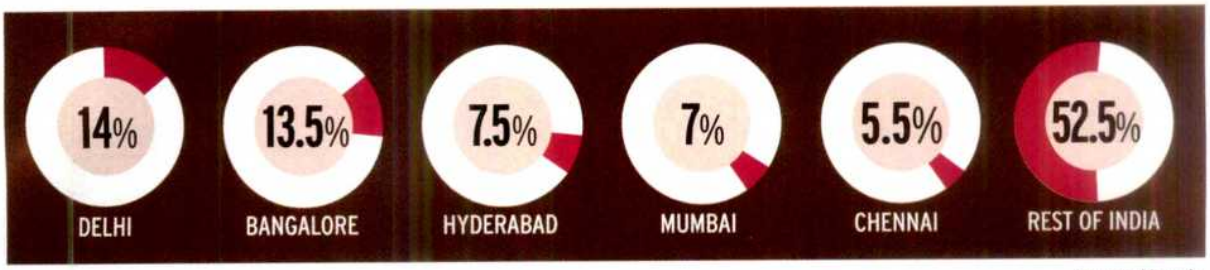
DCP No: F.2(H-11) Press/2011

Grab Your COPY TODAY

4 easy ways to subscribe

Sex and the City

City-wise breakup of Indian visitors to **YouPorn**



Source: Manwin

total about 16 billion hits a month.

This is why all the top porn sites have an Indian clips section, even though no international online bookstore bothers to have one for Indian literature. If video is touted as the main engine for data growth, there can be no doubt that porn is going to be its main fuel. It would be naive to think everyone is going to watch Bollywood trailers and news clips. Porn sites have been popular ever since the Internet came to India. Old sites like desipapa.com continue to thrive, with video and live sex chat, while international porn houses have started catering to Indian audiences.

Porn can be accessed from any phone with a data connection. Even basic phones can open mobile versions of porn sites with the native browser, though the experience might not be very good. Smartphone users are much better off, with access to the best browsers, such as Chrome and Opera, which can easily stream video. The browser is crucial for iPhone users, as Apple does not allow 'adult-oriented' apps on its store. Search for sex in the Apple app store and you get food porn, and maybe a few apps that explain sex positions.

Compared with this, Android is a libertine. The Google Play store has thousands of apps offering content to meet all your "urges" and kinks. This is the home of the porn app. We found nearly 1,000 apps tailor-made for Indians and their peculiar preferences, such as wet sarees and navels. But as with any category of Android apps, there is a bunch of fake "hot auntie" and "Bollywood babe" apps out there, while others just aggregate clips from the non-sanitised regions of YouTube.

One company has cut the clutter of the Android store by setting up a porn app store of its own. While iPhone users are limited to accessing MiKandi apps through their browser,

Xvideos.com
Most popular porn site among Indian users

India is No. 21 on country ranking

Source: Alexa

Android users can download MiKandi Theatre and its curated collection of free and paid apps directly on to their phone. "People were buying iPhones for the apps, not websites, so when the industry was blocked from the only distribution channel that mattered, it was left to settle for second-rate experiences," says Jesse Adams CEO and co-founder of MiKandi LLC, in an e-mail interaction from Seattle, in the United States. "Android's open philosophy changed all that and we're finding many companies moving fast to catch up." Over a million MiKandi apps are downloaded a month, with India at number six in terms of traffic.

But why have an app when you can watch porn directly on the browser? Adams says an app's advantage is its ability to access the device's core capabilities to completely control and deliver the best user experience. "This means faster speeds, better memory management, and overall a more polished user interface compared to websites," he says. "It also allows us to offer useful functions such as downloading or removing content on your device, running offline or receiving notifications."

But Manwin doesn't think so. "Apps in general have a timed life span," says Miller. "We're confident that focusing on user experience on the mobile and tablet sites is the optimal choice at this time."

But the Android story is not just about phones. The worldwide want for porn is already pushing these apps to television, tablets and any other connected screen, be it on a refrigerator or in a car. In fact, MiKandi was the first to announce an app for Google Glass, only to be booted out. With the phone conquered, porn is now eyeing the most personal screen invented. ◆

Send your comments to editor.bt@intoday.com

NANDAGOPAL RAJAN

No Clear Sailing

4K TVs have great clarity, but that is not enough to ensure their widespread use

If you haven't seen an ultra-high definition or 4K television yet, let me tell you it is worth travelling miles for. You will be wowed by its 'unbelievable' clarity. But whether you should bring home one of them depends on how deep your pockets are, because 4K TVs are among the most expensive of TV models.

4K TVs pack twice the horizontal and vertical resolution of full HD TVs, the 1080p ones. So 4K units have a resolution of 3840×2160 pixels, compared with the 1920x1080p of a full HD set. If you thought full HD was crystal clear then 4K is almost unnaturally so. After a long time one sees new technology in the TV's core picture quality and not peripheral gimmickry.

But 4K TVs have also been grappling with a few problems. With sizes upwards of 82 inches to accommodate the high pixel density, they are too large for most households. Moreover, with most broadcasters struggling to find bandwidth even for their full HD channels, there is no way they can now start beaming 4K content, which is four times heavier.

All this could change, though. Sony, which launched its first 4K TV last year, has now shrunk both the sizes and the prices. Sony's 4K models now come in 55 and 65-inch, priced at ₹3.05 lakh and ₹4.05 lakh respectively. That's still very expensive, though cheap when you consider Sony's first 84-inch model cost ₹17 lakh. While the 84-inch TV sets could only be installed in hotels and convention centres, the new sizes could find their way into households. It is highly likely Samsung and LG will follow suit, maybe with even smaller screen sizes.

The problem of 4K content, however, remains unresolved. Will there ever be a 4K channel in India? Even globally there are ominous signs – the only 3D TV channel in the US, from ESPN, will shut down by the year-end. This, when 3D TVs have actually started showing up in the TV sales figures globally. 4K as yet is hardly visible on sales charts, with Sony admitting it sold just 200 units in India in 2012/13.

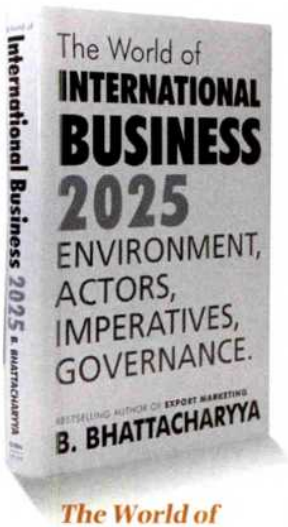
A big disruptor here could be the launch of the Intel Media service later this year. This hardware and software solution is expected to be powered by Intel's fourth generation Haswell processors, which are capable of rendering 4K content. Though noncommittal on the finer details of the new service, Jon Carvill, Director of Corporate Communications at Intel Media, said on the phone from the US they would be launching a service and a device with on-demand content via the Internet. "Our solution will have live as well as catch-up television," said Carvill, adding that the service would be limited to the US in the first phase.

In other parts of the world, 4K buyers will have to look for media players that support this high-resolution content. Sony is already selling a preloaded 4K media player in some countries – not yet in India – for $700. With Sony's new TVs capable of up-scaling 1080p content to 4K, there is also talk of bringing in Blu-ray titles with 1080p content mastered for 4K so that they show up well on the high-resolution screen. Sony Corp CEO Kazuo Hirai has told Japanese newspaper *Asahi Shimbun* that the company "plans to distribute superfine, 4K-resolution movies online exclusively for customers of its next-generation televisions", though Sony India Managing Director Kenichiro Hibi noted that this would also roll out in the US first. Hibi hoped there would be more content when movies start being shot in this format.

It is, however, hard to say if this will be TV's future. Years after they were launched, full HD TVs are just about finding their feet now. And then there is also 8K in the offing. For the record, that is 16 times the number of pixels of full HD. ◆

Doubt, the Only Certainty

The global economy's medium-term future will not be much better than the present, says this book



The World of International Business 2025: Environment, Actors, Imperatives, Governance

By B. Bhattacharyya

Global Business Press

Pages: 416; Price: ₹595

The travails of the last five years have almost wiped out the gung-ho spirit of resurgent capitalism that prevailed in the first years of the 21st century. How far away and long ago seems the time when double-digit growth for India was a real possibility. All kinds of stimuli and bailouts have failed to lift the global economy out of the swamp into which it fell in 2008. Orthodox policy instruments have proved ineffective, but no new ideas have emerged about what should be done. As the writer Salman Rushdie remarked in a different context, in times like the present, 'doubt is the only certainty'.

If this is the present, what will the medium-term future be like for international business? Will the dark clouds have lifted by 2025? B. Bhattacharyya, former dean of the Indian Institute of Foreign Trade, tries to answer that in this book. He calls himself an optimist, but – stray sections apart – his book provides little reason for optimism. If anything, it suggests that while particular aspects of global business will change considerably, overall, everything will be just as uncertain and strife ridden as it is today.

He starts by taking a hard look at global economic trends. If the world has grown smaller and flatter thanks to the communications revolution, there are also plenty of trends visible which are working against further shrinking and flattening. Inequality is growing both between countries and within countries. "In a large number of developed and developing countries, a sharp decline (in the gap between the richest and the poorest) was observed in the first half of the 20th century and for a few decades thereafter. A reversal is observed since the 1980s... This period is also the heyday of the present stage of globalisation," he notes.

Bhattacharyya agrees that the future will be a multi-polar world and that the Chinese economy may well outstrip that of the US. Apart from its manufacturing muscle and other strengths, China has 'rare earths' aplenty, which he believes, in coming years, will prove as useful a resource as oil is for Saudi Arabia. But China has its problems too – Bhattacharyya identifies nine, most of which have been much discussed and concludes that, however well China may do, the yuan will not replace the American dollar as the world's primary currency in a hurry.

Even more interesting is his prediction of which other countries will be the stars of the multi-polar world. (Earlier Ruchir Sharma's *Breakout Nations* achieved worldwide fame by making just such picks.) Bhattacharyya goes beyond the BRIC nations to identify a 'string of 17 pearls', which he believes will be growth drivers for the next few decades – apart from the US and China, they are "Argentina, Brazil, Bangladesh, Canada, Germany, India, Indonesia, Mexico, Mongolia, Nigeria, Philippines, Russia, Sri Lanka, Turkey and Vietnam". Only two European nations and some of the choices seem quirky indeed! But he adds the caveat: "Over time a few pearls will fall and a few others will get strung in and the world will move on."

Given the generally clear eyed tenor of the book, it does get a little indulgent while examining India's prospects. Bhattacharyya insists the current mood of gloom and doom is misplaced, since the problems India faces are shared by many other nations, while its strengths are formidable. Even the sliding rupee – now 60 to the US dollar – does not worry him much, because it is not yet fully convertible and can always be protected by hedging. ◆

DEBASHISH MUKERJI

Apart from its manufacturing muscle and other strengths, China has 'rare earths' aplenty which, in coming years, will prove as useful a resource as oil is for Saudi Arabia

आरईसी
REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

Scaling new heights every year!

Part I

(₹ in Lakhs)

STATEMENT OF STANDALONE/ CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2013

Sl. No.		PARTICULARS	STANDALONE					CONSOLIDATED	
			QUARTER ENDED 31.03.2013	QUARTER ENDED 31.12.2012	QUARTER ENDED 31.03.2012	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
			(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1		**Income from Operations**							
	a	Interest Income	3,55,224	3,50,144	2,78,656	13,29,095	10,26,402	13,29,095	10,26,402
	b	Other Operating Income	7,255	3,224	5,954	22,791	15,973	23,475	16,537
		Total Income from Operations	**3,62,479**	**3,53,368**	**2,84,610**	**13,51,886**	**10,42,375**	**13,52,570**	**10,42,939**
2		**Expenses**							
	a	Finance Costs	2,14,347	2,07,110	1,76,585	8,00,625	6,37,880	8,00,586	6,37,884
	b	Employee Benefits Expense	3,729	3,555	4,184	15,184	17,097	15,533	17,462
	c	Other Expenses	2,722	1,423	2,637	6,469	5,835	7,653	6,620
	d	Allowance for bad and doubtful debts	-	2,500	-	2,500	4,909	2,556	4,909
	e	Contingent Allowance against Standard Loan Assets	10,568	-	-	10,568	-	10,568	-
	f	Allowance for rescheduled loans	-	-	318	-	318	-	318
	g	Depreciation and amortisation expense	109	87	94	375	327	390	334
	h	Foreign Exchange Fluctuation Loss	411	2,199	640	7,751	5,255	7,751	5,255
		Total Expenses	**2,31,886**	**2,16,874**	**1,84,458**	**8,43,472**	**6,71,621**	**8,45,037**	**6,72,782**
3		**Profit from Operations before Other Income & Exceptional Items**	**1,30,593**	**1,36,494**	**1,00,152**	**5,08,414**	**3,70,754**	**5,07,533**	**3,70,157**
4		Other Income	1,526	1,855	2,092	7,981	8,532	11,088	12,423
5		**Profit before tax & Exceptional Items (3+4)**	**1,32,119**	**1,38,349**	**1,02,244**	**5,16,395**	**3,79,286**	**5,18,621**	**3,82,580**
6		Exceptional Items	-	-	-	-	-	-	-
7		**Profit from Ordinary Activities before Tax (5+6)**	**1,32,119**	**1,38,349**	**1,02,244**	**5,16,395**	**3,79,286**	**5,18,621**	**3,82,580**
8		**Tax Expense**							
		- Current Year	36,093	35,720	25,701	1,34,579	97,459	1,35,307	98,533
		- Earlier Years / (Refund)	-	-	-	-	(148)	(1)	(97)
		- Deferred Tax Liability / (Asset)	(8)	(36)	415	54	272	37	278
9		**Net Profit from Ordinary Activities after Tax (7-8)**	**96,034**	**1,02,665**	**76,128**	**3,81,762**	**2,81,703**	**3,83,278**	**2,83,866**
10		Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-
11		**Net Profit for the Period (9-10)**	**96,034**	**1,02,665**	**76,128**	**3,81,762**	**2,81,703**	**3,83,278**	**2,83,866**
12		Paid-up Equity Share Capital (Face Value ₹10 per share)	98,746	98,746	98,746	98,746	98,746	98,746	98,746

Total Income
₹ 13,599 cr.
UP 29%

PAT
₹ 3,818 cr.
UP 36%

Disbursements
₹ 39,275 cr.
UP 41%

Loan Book
₹ 1,27,356 cr.
UP 25%

EPS
₹ 38.66
UP 35%

14	i	Earnings per Share (EPS) (before extraordinary items) (of ₹10 each) (not annualised)						
	a	Basic	9.73	10.40	7.71	38.66	28.53	38.81	28.75
	b	Diluted	9.73	10.40	7.71	38.66	28.53	38.81	28.75
	ii	Earnings per Share (EPS) (after extraordinary items) (of ₹10 each) (not annualised)							
	a	Basic	9.73	10.40	7.71	38.66	28.53	38.81	28.75
	b	Diluted	9.73	10.40	7.71	38.66	28.53	38.81	28.75

Part II **SELECT INFORMATION FOR THE QUARTER ENDED 31.03.2013**

Sl. No.	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
A	**PARTICULARS OF SHAREHOLDING**					
1	**Public shareholding**					
	- Number of shares	32,78,52,000	32,78,52,000	32,78,52,000	32,78,52,000	32,78,52,000
	- Percentage of shareholding	33.20%	33.20%	33.20%	33.20%	33.20%
2	**Promoters and Promoter group Shareholding**					
	a) Pledged/ Encumbered					
	- Number of shares	NIL	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of total shareholding of Promoter and Promoter Group)	NIL	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of total share capital of the Co.)	NIL	NIL	NIL	NIL	NIL
	b) Non-Encumbered shares					
	- Number of shares	65,96,07,000	65,96,07,000	65,96,07,000	65,96,07,000	65,96,07,000
	- Percentage of shares (as a % of total shareholding of Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of total share capital of the Co.)	66.80%	66.80%	66.80%	66.80%	66.80%

	PARTICULARS	QUARTER ENDED 31.03.2013	
		Equity Securities	Debt Securities
B	**INVESTOR COMPLAINTS (Nos.)**		
	Pending at the beginning of the quarter	2	0
	Received during the quarter	211	377
	Disposed off during the quarter	211	377
	Remaining unresolved at the end of the quarter	2	0

Sl. No.	PARTICULARS	STANDALONE		CONSOLIDATED	
		AS AT 31.03.2013 (Audited)	AS AT 31.03.2012 (Audited)	AS AT 31.03.2013 (Audited)	AS AT 31.03.2012 (Audited)
A.	**EQUITY AND LIABILITIES**				
(1)	**Shareholders' Funds**				
	(a) Share Capital	98,746	98,746	98,746	98,746
	(b) Reserves and Surplus	16,46,692	13,57,558	16,54,238	13,63,591
	Sub-total (Shareholders' Funds)	**17,45,438**	**14,56,304**	**17,52,984**	**14,62,337**
(2)	**Non-current Liabilities**				
	(a) Long-term Borrowings	90,96,038	76,55,368	90,92,538	76,55,368
	(b) Other Long-term Liabilities	8,025	2,301	8,057	2,332
	(c) Long-term Provisions	18,845	8,616	18,847	8,616
	Sub-total (Non-current Liabilities)	**91,22,908**	**76,66,285**	**91,19,442**	**76,66,316**
(3)	**Current Liabilities**				
	(a) Short-term Borrowings	2,48,000	2,50,000	2,48,555	2,50,171
	(b) Trade Payables	-	-	397	423
	(c) Other current liabilities	19,11,640	14,50,237	19,12,584	14,51,712
	(d) Short-term Provisions	22,743	31,845	22,748	31,848
	Sub-total (Current Liabilities)	**21,82,383**	**17,32,082**	**21,84,284**	**17,34,154**
	Total (EQUITY AND LIABILITIES)	**1,30,50,729**	**1,08,54,671**	**1,30,56,710**	**1,08,62,807**
B.	**ASSETS**				
(1)	**Non-current Assets**				
	(a) Fixed assets	8,005	7,848	8,062	7,886
	(b) Non-current Investments	61,345	71,043	59,085	68,532
	(c) Deferred Tax Assets (Net)	951	1,005	965	1,002
	(d) Long-term Loans & Advances	1,14,57,453	89,98,531	1,14,57,467	89,98,540
	(e) Other Non-current Assets	13,076	24,792	13,091	24,792
	Sub-total (Non-Current Assets)	**1,15,40,830**	**91,03,219**	**1,15,38,670**	**91,00,752**
(2)	**Current Assets**				
	(a) Current Investments	4,716	4,716	4,741	4,726
	(b) Trade Receivables	-	-	2,853	3,736
	(c) Cash & Bank Balances	1,48,426	5,31,148	1,52,954	5,37,536
	(d) Short-term Loans & Advances	1,91,595	2,97,275	1,91,602	2,97,220
	(e) Other Current Assets	11,65,162	9,18,313	11,65,890	9,18,837
	Sub-total (Current Assets)	**15,09,899**	**17,51,452**	**15,18,040**	**17,62,055**
	Total (ASSETS)	**1,30,50,729**	**1,08,54,671**	**1,30,56,710**	**1,08,62,807**

Notes:

1. The above financial results for the quarter/year ended March 31, 2013 were reviewed by the Audit Committee at the meeting held on May 28, 2013 and approved by the Board of Directors and taken on record at the meeting held on May 28, 2013 and are subject to review by Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956.
2. These results have been audited by the Joint Statutory Auditors of the Company.
3. Previous periods/years figures have been regrouped/rearranged wherever necessary. Further, consequent to the limited review for the quarter and half year ended September 30, 2011, the financial statements for the half year ended September 30, 2011 were got audited by the Statutory Auditors of the Company and approved by the Board of Directors at the meeting held on February 16, 2012. Minor variations had resulted during the audit from the limited reviewed accounts, resulting in increase of profit after tax by ₹1.42 Crores. This effect has been adjusted in the figures for quarter ended March 31, 2012. Accordingly, the reported figures of the quarter ended March 31, 2012 have been restated to that extent.
4. The company has opted for amortising the foreign exchange fluctuation loss/(gain) on the long term foreign currency monetary items over the balance period of such items. The amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 160.28 Crores.
5. The Company had made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹2,148.41 Crores in two tranches during the financial year 2012-13 in addition to a private placement of the Tax Free Bond Issue of ₹ 500 Crores. The bonds under public issue had been allotted in line with the prescribed guidelines and within Financial year 2012-13. The issue proceeds have been utilised for the purposes as mentioned in the Offer document except for ₹ 0.63 Crores which is kept in designated public issue account pending its utilisation.
6. The Company paid an interim dividend of ₹ 6.75 per Equity Share (on face value of ₹ 10/- each) in the month of February, 2013. The Board of Directors has recommended final dividend of ₹ 1.50 per share (on face value of ₹ 10/- each) for the year 2012-13, subject to approval of the Shareholders in the ensuing Annual General Meeting. The total dividend (including interim dividend) for the financial year 2012-13 is ₹ 8.25 per share (on face value of ₹ 10/- each).
7. The accounts of the subsidiary companies and joint venture have been consolidated in accordance with the Accounting Standards 21 'Consolidated Financial Statements' and Accounting Standard-27 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.
8. The Company has formulated a New Accounting Policy to create a provision against standard assets in a phased manner so as to make it a minimum of 0.25% by the end of financial year 2014-15. The profit before tax for the year is lower by ₹ 105.68 crores due to this Accounting Policy.
9. Rural Electrification Corporation Limited is exempt from the adherence to the Reserve Bank of India (RBI) Prudential Norms for NBFCs till March 31, 2013. Further, as required by RBI vide their letter dated April 4, 2012, the Corporation has submitted its Road Map to RBI through the Ministry of Power regarding convergence in phased manner, with certain deviations, with RBI Prudential Norms as laid down in Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The response from RBI is awaited.
10. The Company's main business is to provide finance for power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Accounting Standard-17 issued by the Institute of Chartered Accountants of India.
11. Figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.

Place: New Delhi
Date: 28th May, 2013

For Rural Electrification Corporation Limited
Sd/-
(Rajeev Sharma)
Chairman & Managing Director
DIN-00973413

Rural Electrification Corporation Limited (A Government of India Enterprise)
Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110 003,Tel. : 24365161 Fax: 24360644, E-mail: reccorp@recl.nic.in. Website: www.recindia.nic.in

The Social Detour

Increasingly, young professionals are seeking out the social sector to broaden their horizons, gain experience and beef up their CVs.

By SARIKA MALHOTRA

Cherian Joseph's career path has been anything but straight and narrow. The Pune-educated mechanical engineer's first job was at Tata Motors in 2004. After another stint in school – this time at Georgia Tech in the US – he got a masters in industrial and systems engineering in 2009. He remained in the US for two more years, working at Capgemini, where he focused on due diligence for post-merger integration for its health-care and retail clients. But his sights were set elsewhere. "I was eager to apply my knowledge and skills in the social sector," says Joseph, who is now 30. His long-term career goal was to help micro, small and medium enterprises grow and be sustainable. "I believed that an opportunity to work hands-on with leaders in the social sector would give me a practical sense of what works well and what does not in this field," he adds.

PHOTOGRAPHS BY ADITYA KAPOOR

ANKIT DURGA, Executive Director, LEAP Skills Academy

TIP

Take the time to experiment and try to identify your competencies and shortcomings. It is important to repeatedly question your decisions so you are always on track

He quit his Capgemini job when he got selected for a one-year fellowship from the Acumen Fund, a venture capital fund that focuses on critical services such as water, health, housing, energy and agriculture in India, Pakistan, and East Africa. He was drawn by Acumen's philosophy of using market-based approaches to invest in companies that catered to low-income customers. As a full-time fellow of the fund in 2012, he worked with Ziqitza Health Care Ltd, a private ambulance company in Mumbai that serves middle- and low-income customers. He spent hours travelling in the ambulances to better understand the patient's experience during an emergency, and designed a marketing and operations strategy. "I assisted the company in a scale-up plan through a partnership with the National Rural Health Mission's emergency care initiative. This experience helped me appreciate the potential of public-private partnerships in India and understand the immense challenges in this approach."

After completing the fellowship, Joseph joined McKinsey & Company in November 2012, as consultant. Here, he works with Indian agriculture and energy companies on strategic initiatives, efficiency improvement and large-scale transformation programmes, drawing on his social-sector experience of looking at issues from the perspectives of investment, entrepreneur and consumer. "This combination is invaluable and helps me think of problems not evident to others in my current role," he says. "This experience has built empathy and keeps me grounded when I design solutions."

The social sector provides learning opportunities and experience across a range of organisational functions. This is why there is a growing trend among young professionals to add such experience to their CV.

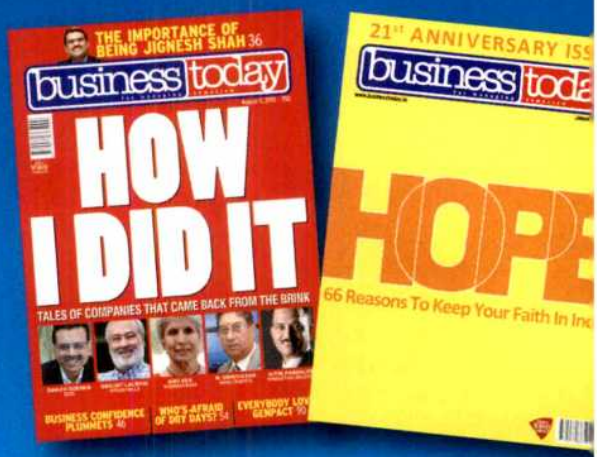
Even MBA aspirants have jumped on to the bandwagon. For example, 24-year-old Ankit Durga joined LEAP Skills Academy in May. LEAP works in rural Haryana to bridge the gap between students' abilities and the demands of industry. Durga says he sees this experience as a stepping stone to an MBA, as it lets him work across functions and interact with people from diverse backgrounds, and tests his leadership and operational skills. "Business schools like diverse classrooms where collaborative learning forms the basis for interaction," says Durga. "Leading complex teams, taking risks, hands-on operational experience, thriving on dealing with unfamiliar situations

CHERIAN JOSEPH, Consultant, McKinsey & Co

TIP

Step out of your comfort zone to explore a sector you are passionate about. Test your skills and conviction in a small setting. Understand its excitement and constraints. Then plan the next steps of your career

Subscribe to Business Today and get a Stress Buster Free!



USB Massager

* Handy when sitting long at work
* Plugs into USB port; or use with AAA batteries

Term	No. of Issues	You Pay (₹)	You Get
2 Years	52	~~2080~~ 1755/-	Save 15% + Get a USB Massager
1 Year	26	~~1040~~ 885/-	Save 15% on the Cover Price

Best Buy

business today

FOR MANAGING TOMORRO

---------- Please fill in the form and send it us at the address mentioned below ----------

Business Today Subscription Form

Send form with your payment to LIVING MEDIA INDIA LTD., A-61, Sector 57, NOIDA-201301 (U.P.)

Yes! I would like to subscribe for:

☐ 2 Years (52 Issues) : Pay ₹ ~~2080~~/- ₹ 1755/- Save 15% + Get a USB Massager FREE! Best Buy

☐ 1 Year (26 Issues) : Pay ₹ ~~1040~~/- ₹ 885/- Save 15% on the Cover Price

Name..... Address.....

.....City.....

Postal Code.....Tel./Mobile.....E-mail.....

Payment Details:

☐ Charge my Credit Card ☐ VISA ☐ ☐

Card No.....

Expiry.....Signature.....

Payment Enclosed: ☐ Cheque ☐ DD No.....(in favour of Living Media India Limited. For non-Delhi cheques, please add ₹ 50/-)

Subscription Terms & Conditions: This authorises us to communicate about our products & promotions through mail/phone/printed material/email etc. This authorisation is irrespective of my instructions elsewhere of not to be contacted or informed over phone/email/mail etc. ☐ Cover Price of BT is ₹ 40. ☐ Special Rates and offer valid in India only for a limited period. ☐ Allow 3-4 weeks for processing of subscription. ☐ Your free gifts will reach you in about 6 weeks of commencement of your subscription. ☐ The images shown here are indicative, actual product may vary. ☐ Add Rs. 50/- for non-Delhi cheques. ☐ Superscribe your name and address on the reverse of the cheque/DD. ☐ All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only. ☐ Business Today can revise this offer any time at its discretion without any prior intimation. ☐ Subscription can not be cancelled once the free gifts are dispatched. ☐ T&C apply.

and working on teams with people who may be innately different from you are all attributes that leading business schools look for in prospective candidates."

The trend is by no means limited to India. Increasingly, professionals and students worldwide are seeking out opportunities in the development sector in emerging economies, to work on some of the most pressing problems of the world, broaden their horizons and be ahead of their peers in terms of exposure and experience. For example, 27-year-old American Dan Giuffrida is a Lok Capital Fellow with Suryoday Microfinance in Navi Mumbai. Lok Capital is an investor in the social sector, and Suryoday is a microfinance institution that lends to women in India. Giuffrida leads a project on strategic initiatives. After getting his Masters degree in sustainability management from Columbia University in New York, Giuffrida wanted to work in the social sector in another country, and for an organisation with a triple bottom line – financial, social and environmental. He attended an event at the Rockefeller Foundation in New York City, where a panelist encouraged job seekers to gain experience with social enterprises. "His view was that these opportunities provide insights and a detailed understanding of the customers of social enterprises that one would not get as an investor, and that this experience would be invaluable as one transitions to an investing role."

So Giuffrida zeroed in on Lok Capital for a fellowship of 12 to 18 months. Lok Capital recruits professionals with experience in commercial environments – for example, operations, consulting, investment banking and marketing – to work with one of its portfolio companies as consultants, analysts, researchers and advisors. Giuffrida had previously worked as an analyst at Bank of America Merrill Lynch, advising energy and utility companies on mergers, acquisitions, and debt and equity capital transactions.

NISHIKANT GAMRE

DAN GIUFFRIDA,
Project Leader, Suryoday Microfinance

TIP

There is no direct route to the top of your dream profession. Pursuing opportunities where you are free to explore will provide learning opportunities to become more valuable to your future organisation

Giuffrida says Suryoday gives him an opportunity to gain experience that would have been nearly impossible in a big corporation. "I lead a project for Suryoday where we will partner with a large foreign bank to offer savings accounts and cashless loan disbursements to our clients," he says. "This project provides security and financial inclusion benefits to our customers while providing us an opportunity to more cost-effectively grow our business. While the experience and training gained at a large corporation are tremendous, I would never have had the freedom to take the lead on the number of projects that I have while working for Suryoday." In the future, he plans to seek an investing role with a social sector fund.

Besides social impact funds, job aspirants are increasingly seeking out corporate-backed not-for-profit organisations for such experience. Sapna Moudgil, 45, who heads the NIIT Foundation, says: "We get four or five requests every month – people looking for jobs in the foundation." She says most of them want to make a difference. "Corporate life is all about numbers. Sometimes we lose sight of why we do what we do. Working in the social sector reminds us of the important things by showing the interconnectedness of life." She adds that she highly recommends that professionals look at the social sector as a means to become better at their jobs. "Working for a cause that improves someone's life makes you a better manager, a better parent." ◆

Send your comments to editor.bt@intoday.com

Senior Management Jobs brought to you by monster.com

Adecco India Private Limited.
Country Head – International Marketing
Location: Mumbai
Job ID: 13467295
Description: Required candidate with minimum 10 years experience and depth knowledge of the Corporate Marketing and Communication function for a company in Import / Export of Agrochemicals.

Cisco Systems India Private Limited
Manager – Technical Services
Location: Bangalore
Job ID: 13519832
Decription: Cisco seeks a Manage Technical Support to lead team: Customer Support Engineers for Gl Product Support (TAC).

Sungard Solutions India Private Limited
Sr. Specialist - Product Development
Location: Pune
Job ID: 13273657
Description: Coding and unit testing as per Product Standards to meet the technical/functional/performance requirements.

Oracle India Private Limited
Japanese - Manager / Team Leader
Location: Bangalore
Job ID: 13521072
Description: Looking for Team Lead Manager with Japanese Language Skill.

Angel Broking Limited
Branch Manager
Location: Jaipur, Jodhpur
Job ID: 13535837
Description: Increasing the trading volume with profitable way, New client's acquisition through reference.

Fidelity Business services
Manager - Quality
Location: Bangalore
Job ID: 13349518
Description: Conducting initial disco of a problem in the business for End to processes cutting across sites and functi departments.

Gebbs Software International Ltd.
Manager / Asst. Manager
Location: Mumbai
Job ID: 12538554
Description: Strong ability to interpret medical records of the patients in different specialties.

ABB Limited
Sr. Principal Scientist
Location: Bangalore
Job ID: 13437390
Description: Participates in development of the Strategy Technol Plan. Identifies and researches r technologies suitable for ABB businesse

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" butt

LIST OF PARTICIPATING EMPLOYERS

amadeus · BARCLAYS · DATAMATICS · Genpact · KPIT Cummins · QUEST · TATA CONSULTANCY SERVICES · Tech Mahindra · UNISYS · UST Global · WinWire Technologies · UTC Aerospace Systems

THE DAYS WHEN
YOUR CAREER WILL TAKE OFF.

Presenting
Monster Virtual Career Fair
15th-19th July 2013
Visit http://vcf.monsterindia.com to register!

Better Access | Better Connections | Better Jobs

monst
Find B

IT Jobs brought to you by monster.com

Orion Systems Integrators Inc
SQL Developer
Location: Kochi
Job ID: 13511344
Description: Candidate will be responsible for moving large amounts of data with minimal impacts to the source and destination.

TIBCO Software India Private Limited
Technical Architect (Dotnet)
Location: Bangalore
Job ID: 12985716
Description: Looking for Technical Architect to work on industry leading next generation social networking product called tibbr.

IMSI India Private Limited
Sharepoint Developer
Location: Bangalore
Job ID: 11332699
Description: Should be managing a team of 5+ developers.

UST Global
Java Developer
Location: Cochin / Kochi / Ernakulam, Thiruvananthapuram / Trivandrum
Job ID: 13461490
Description: 2-10 years of Experience in Java J2ee Development.

Perficient India Private Limited
Websphere Portal Developer
Location: Chennai
Job ID: 13046811
Description: Experience executing large scale WPS/WCM projects.

Fiserv
Webmethods Developers
Location: Pune
Job ID: 13170439
Description: Develop, test and modify vendor-supplied application software as pre business requirements.

Tech Mahindra Limited
Software Engineer/ Programmer
Location: Bangalore
Job ID: 13420003
Description: Develop applications in iPhone for various mobile devices.

Value Labs
Software Engineer/ Programmer
Location: Hyderabad
Job ID: 13463775
Description: Advanced Java Script using Object Oriented Java Script.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Available on the App Store

Better Access
Monster on mobile helps you find candidates anytime, anywhere

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster

business today

Jobs Today

monste
Find Bette

Sales and Marketing Jobs brought to you by monster.com

NCR Corporation India Pvt. Ltd.
Sales Manager
Location: Delhi
Job ID: 13494912
Description: Recognize the customer's key challenges in their business operations and identify Consumable's products and solutions to the customer's area of need.

Make My Trip India Pvt Ltd
Online Product Manager
Location: Gurgaon
Job ID: 13544344
Description: To support innovation growth by defining, designing developing MMT products to enh customer experience, maximize rev and enhance brand value.

Teradata
Regional Sales Manager
Location: Mumbai
Job ID: 12890969
Description: Manage accounts to its fullest potential of revenue production.

Gati Kintetsu Express Private Limite
Sales Exec/ Sales Representative
Location: Coimbatore, Thiruvananthapuram / Trivandrum
Job ID: 12421560
Description: Looking for a yo energetic & dynamic sales executive passion to perform.

Capgemini
Marketing Manager
Location: Bangalore
Job ID: 13458035
Description: Overall marketing strategy and execution of plans for the existing and new BIM offerings and solutions.

Replicon
Sales Exec/ Sales Representative
Location: Bangalore
Job ID: 12509963
Description: Follow up on sales/pr inquires over chat and phone witl ultimate goal to further the pro through the sales cycle.

Manokam
Assistant Sales Manager
Location: Baroda / Vadodara, Rajkot
Job ID: 13367982
Description: Looking for candidates with 5 years of experience in Sales/Marketing for products like construction chemical/Bituminous products.

CRY-Child Rights and You
Manager - Communications
Location: Mumbai
Job ID: 13156140
Description: Responsible for plan managing and implementing CI Communication strategies and objec of the region.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" but

BeKnown On Facebook

Better Connections
Connects people to Brands on the Most Active Social Network.

Http://apps.facebook.com/beknown

Better Ac
Better Connect
Better Candid

Get Lucky. Get Active with Monster.

monst
Find Be

Finance Jobs brought to you by monster.com

Omnitech Infosolutions Limited
Account Executive
Location: Mumbai
Job ID: 13540666
Description: Data Entry in tally e.g. Passing entries in tally.

ACS, Inc.
Accounting Sr Assistant
Location: Bangalore
Job ID: 13286916
Decription: Looking for "Accounting Sr Assistant" at India-Karnataka-Bangalore.

Syntel Limited
Finance Associate
Location: Mumbai
Job ID: 13336861
Description: Minimum 1 yr of experience after Graduation in core Finance & Accounts.

Deloitte Touche Tohmatsu India Pvt Ltd
External Audit- Senior
Location: Hyderabad
Job ID: 13293948
Description: Develop an understanding of the Deloitte audit approach, methodology and tools.

Target Corporation India Private Limited
Senior Leader-Finance Operations
Location: Bangalore
Job ID: 13021076
Description: Work closely with senior management in India and Finance teams in Minneapolis.

Allscripts
Client Accounting Analyst
Location: Pune
Job ID: 13274254
Description: Working on Expenditure Exception Report & Approved Cost Budget reviews at Project Level.

WNS Global Services Pvt. Ltd.
Accounts Payable Process (AP)
Location: Mumbai
Job ID: 13289253
Description: Candidate is supposed to have good experience in Invoice processing, Vendor payment and other AP related activities.

dEEVOiR Consulting Services Private Limited
Associate – Finance & Accounts
Location: Mumbai
Job ID: 13520522
Description: Bachelor in Commerce and along with Diploma / Certification in finance / accounts or equivalent.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Better Candidates
With Monster's extensive database and advanced technology, finding the right candidate is easy

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster Find Better.

In Humble Fashion

TONY CHI calls himself as a humble guy, though his designs are hardly humble. Indeed they are known for their unique, luxurious look. Recently, realty major and private equity investor Ireo and global hotel chain Hyatt roped in Chi, who divides his time between New York and Buenos Aires, to do the interiors of their new luxury residences in Gurgaon. The project will cost Ireo around $700. Chi calls Gurgaon a "city of the future". Chi has designed more than 700 restaurants in his three decade long career, some of which, such as the Harley-Davidson Cafe in New York, various Hyatt projects in Chicago, Osaka, and Sydney, and restaurants for the Mandarin Oriental Hotel in Hong Kong, are globally renowned. This is Chi's maiden project in India. What drives him? "I live like there is no tomorrow," says Chi.

DEARTON THOMAS HECTOR

Tony Chi
Lifestyle & Hospitality Designer

Worth Watching

FRANCK DARDENNE, 39, General Manager of the Indian unit of LVMH Watch and Jewellery – renowned for its luxury watches including the Tag Heuer brand – wants his company to focus more on women. He launched the Link range of luxury watches in India at the beginning of this year, whose design was inspired by a bracelet shaped like the letter S. Every piece is hand crafted. Tag will also launch the Aquaracer brand of waterproof watches for women in India at the end of the year. Though he has been in India for only 18 months, Dardenne has grown keenly intereted in the country. He has begun learning Hindi and does a good deal of travelling across the country with his Japanese wife. His favourite Indian destination is Kerala. His favourite Hindi movie? *Dilwale Dulhaniya Le Jayenge*, which stars Shah Rukh Khan, Tag Heuer's brand ambassador.

VIVAN MEHRA

Franck Dardenne
General Manager, LVMH

VIVAN MEHRA/www.indiatodayimages.com

A Legend Seeks Peace

Named Chan Kong Sang when he was born 59 years ago in Hong Kong, all **JACKIE CHAN** initially wanted was to be a stuntman in the movies. Five decades on and scores of films later, the pioneer of the action-comedy genre wants to be known as an actor – in the same league as, say, Robert De Niro. The action hero, who did in fact begin his movie career as a stuntman, was in India to inaugurate the Chinese Film Festival 2013. Chan says he wants more cultural collaboration between India and China and prays for "love and peace" among all people and countries.

DEARTON THOMAS HECTOR

Jackie Chan
Actor & Director

Santosh Padhi (left) & Agnello Dias
Founders, Taproot

Lion's Share

The party at the Taproot India office in Mumbai is still on. The relatively new ad agency won four gold 'metals' at this year's Cannes Lions, along with one silver and one bronze. "We are the first Indian agency to win four golds at Cannes in the same year," says **SANTOSH PADHI**, Chief Creative Officer and Co-founder of the company. Paddy – as he is known to his team – and partner **AGNELLO DIAS** won their first Cannes Lion last year in the film direction category for the ad film *I am Mumbai*. This year the four gold metals came for their ad campaign on farmer suicides – in different categories. The same campaign also won a silver in art direction. The creative duo, who started Taproot in 2009, have been consistently in the limelight, especially for their Pepsi (*Change The Game*) and Airtel campaigns (*Har Ek Friend Zaroori Hota Hai* and *Joh Tera Hai Woh Mera Hai*). They were also a sought after acquisition candidate for large advertising networks, till Japanese ad network, Dentsu, bought a 51 per cent stake in the agency last year for around ₹140 crore.

AJITA SHASHIDHAR

RACHIT GOSWAMI/www.indiatodayimages.com

Teachings from the Tea Bag

In his recently launched book, *The Secrets of Leadership*, **PRAKASH IYER** dwells on the lessons even a tea bag can teach. "Just as the tea packaged in the tea bag matters the most, what makes you a good leader is the value that you drive into your organisation," he says. Currently Managing Director of Kimberley Clark Lever – which makes Huggies Diapers – Iyer maintains his book distills his learning over a 25-year career with companies such as Hindustan Unilever and PepsiCo. How does he plan to transform the business he currently runs? "By telling my people how we can win in India, a country where 25 million babies are born," he says

AJITA SHASHIDHAR

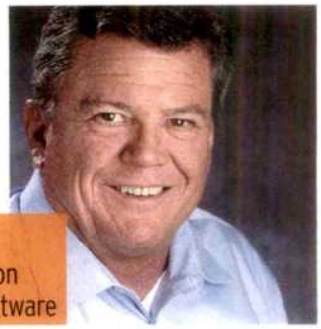
Prakash Iyer,
MD, Kimberly Clark Lever

NISHIKANT GAMRE/www.indiatodayimages.com

Importance of Being Social

The popularity of today's social media is something companies have started to fear. "Companies can no longer rely on social monologue. They have to shift to social dialogue," says **CHRIS KOZIOL**, President and General Manager of Interaction Management, Aspect Software. "There is a lot of risk if they don't respond to grievances expressed by customers in social media forums." The $450 million company creates customised contact management centres for companies around the world. On a recent trip to India, addressing a convention of BPOs, he added: "It is time companies started integrating social media posts into their contact centres and managing them like traditional phone calls." He maintains only Aspect provides an integrated solution that lets companies analyse, track and route social media chatter.

NANDAGOPAL RAJAN



Chris Koziol
President & GM (Interaction Management), Aspect Software

VIVAN MEHRA/WWW.INDIATODAYIMAGES.COM

RICHARD REKHY

CEO, KPMG India

My first guru

Ratan Mama. He sowed the seeds for some principles in me that I have carried for life - integrity, trust and the pursuit of excellence. I will never forget his words: "You are all horses, the best horse will win"

My first job

At RSM & Co, a professional services firm. I learned my craft here

My first boss

Anil Mehta at RSM & Co. A great human being, he gave me the space and freedom to operate, and I realised the value of empowerment, which I practise today

My first promotion

At 28, when I was made a partner in RSM & Co. I can never forget that day. It made me feel on 'top of the world'

My first disappointment

Not getting a promotion when I was expecting one at Arthur Andersen. It taught me the value of perseverance and the fact that winners never quit

As told to Vivan Mehra

Widest Choice of Flights | 81 Destinations
Nonstops to New York & Chicago | Multiple Flights to Metros
Delicious Full Course Meals | Great In-flight Entertainment
More Leg Room | On Time Performance
Most Rewarding Frequent Flyer Programme

Air India gives you more than any other airline!

एअर इंडिया
AIR INDIA

www.airindia.in | 1800 180 1407

There are believers, and there are cynics.

The cynic looks at the glass as half empty. The believer just sees room for improvement. The cynic looks at the tides of recession and mourns its ebb. The believer unearths a million new opportunities in the sands. The cynic thinks about changing jobs.The believer thinks about changing the world. The cynic reads this and sees a management course. The believer reads this and sees a lifetime of learning. No matter what you believe in, we'd first like to know if you believe in yourself. Because the world has enough cynics already. Believers, this way please.

Meet us at an info-session to find out more.
Because seeing is believing.

To register for the info-session,
*visit **www.isb.edu/pgp/infosessions***
Registration is free, but essential.

Indian School of Business
Ph: +91 40 2318 7474/84/94
Email: PGP@isb.edu | www.isb.edu/pgp

ISB
Post Graduate Programme in Management

9 770974136500 9

BUSINESS CONFIDENCE INDEX

PLUNGING WITH THE RUPEE 46

HBR EXCLUSIVE
Reclaim Your Creative Confidence
110

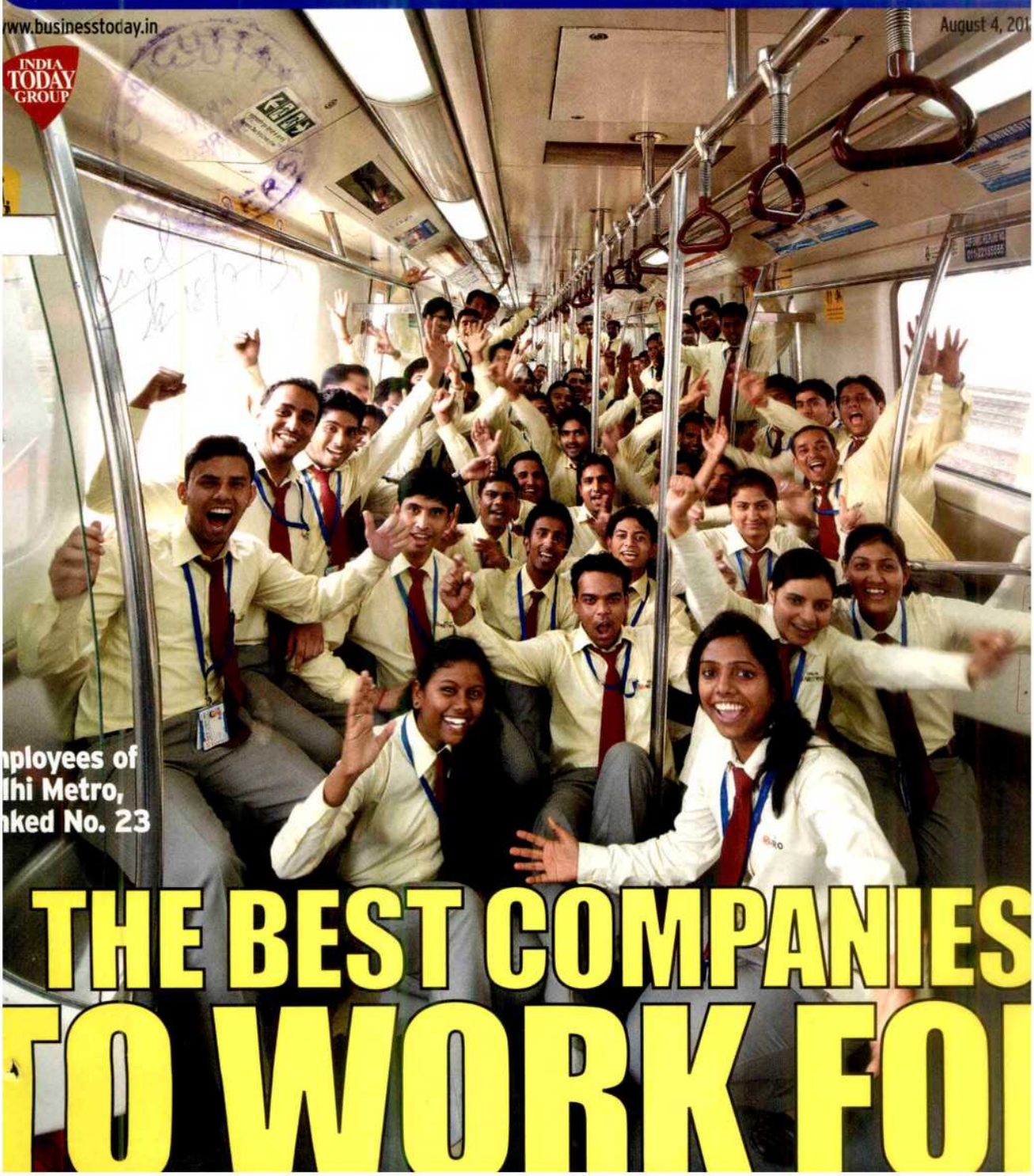
business today

for managing tomorrow

www.businesstoday.in

August 4, 201

INDIA TODAY GROUP



nployees of
lhi Metro,
nked No. 23

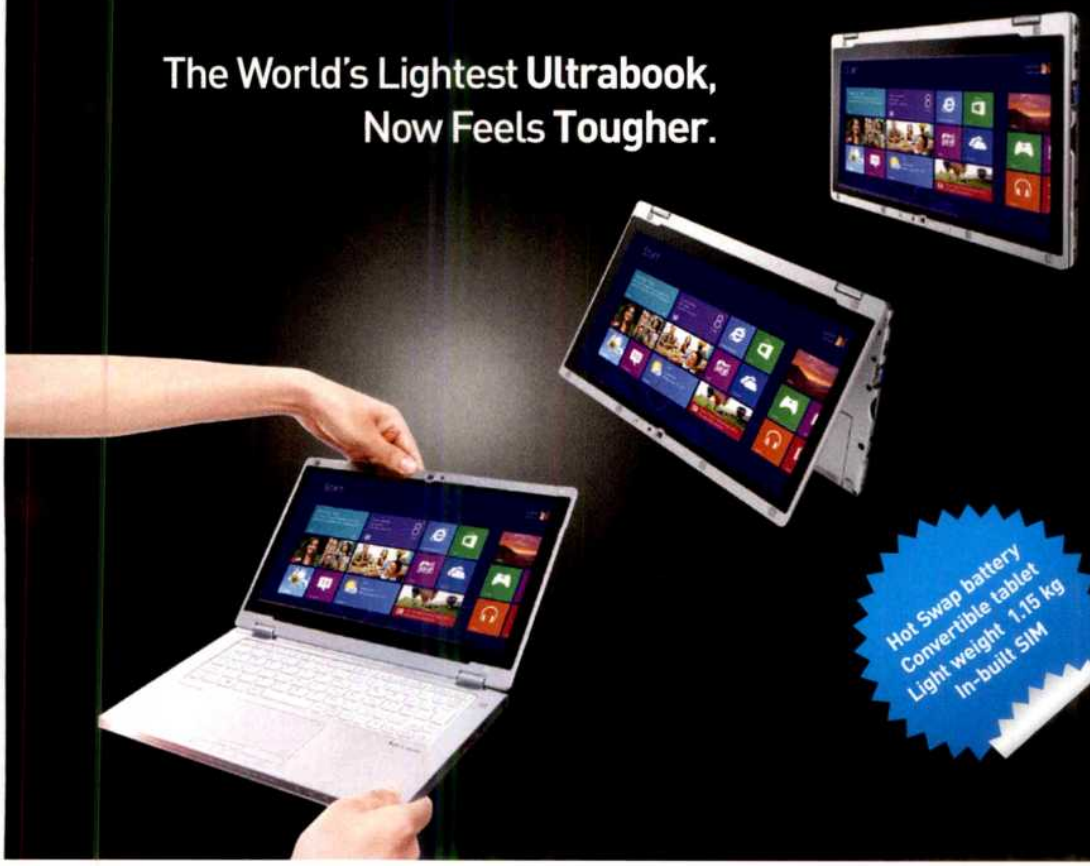
THE BEST COMPANIES TO WORK FO

HOW CAN I GET
MY COMPANY
ON THIS LIST?
I'D SUGGEST
YOU SPONSOR IT.
DO THE MAN THING
VAT 69®
www.vat69.in

Panasonic recommends Windows 8 Pro.

Panasonic

The World's Lightest **Ultrabook**, Now Feels **Tougher**.



Panasonic Ultrabook CF-AX2 – The world's lightest tablet convertible Ultrabook from the Panasonic Toughbook Range.

With the unique 360° flip-over hinge design and light weight, Panasonic Ultrabook makes it ideal for professionals on the go by converting the traditional laptop into a touchscreen tablet. Now get the best of both the worlds in a stylish and sleek design.

Ultrabook™ Inspired by intel

OS Windows 8 Pro | Business Rugged | Convertible Tablet | Light Weight 1.15 kg | Long battery life 8 hours + | Touch screen | In-built SIM | 3G Connectivity

Finance schemes with

0% INTEREST & PROCESSING FEE available from BAJAJ FINSERV LENDING & Pine Labs with select banks *

Available at select Reliance Digital Outlets in New Delhi, Gurgaon, Bengaluru, Hyderabad and Mumbai.

*Citibank, ICICI Bank, State Bank of India, Kotak Bank, Standard Chartered Bank, Axis Bank, HSBC

Reliance Digital

TOUGHBOOK

Find us on : Contact us : 1800 103 1333 | 1860 425 1860 | Website: www.panasonic.co.in/toughbook E-mail: toughbook.marketing@in.panasonic.com

From the Editor

At *Business Today* we write about companies all the time. Often, it is a top-down view. We meet the Chief Executive Officer, the senior members of the management team, the stock-market analysts whose job it is to keep a gimlet eye on their wards, the suppliers, the competitors, the regulators. But it is very important, too, to get a wide-angle view from the ground up, from the employee's perspective. Why do people choose to work for most of their waking hours in the sterile, air-conditioned, artificially lit confines of an office, sitting in chairs that may not exactly be ergonomically designed and likely as not staring at computer screens that throw out their ghostly penumbras? Do we work only for our monthly paycheques, or the length of our titles on our business cards, or the "cabins" that signify we are slightly up the food chain? Or are the intangibles more important – the camaraderie of the workplace, the water-cooler gossip, the jostling, and the joshing that develop among adults who toil together and then go forth every evening, or at the end of their shift, into an altogether different world peopled by family, friends, and significant others?

Our annual Best Companies to Work For survey is a voyage of discovery, and every year the navigational charts are changing as more and more young Indians insert the magic letters "in" before "dependent" and sally forth from pocket money to real money in their pockets. It is a bracing voyage, with the wind in the spinnaker. This is *Business Today*'s 12th BCTWF survey and the fourth in partnership with PeopleStrong HR Services. This year the survey was carried out in collaboration with naukri.com; the jobs portal mined its database of four million people to poll 6,310 adults across 300 cities and towns in India. The people polled were predominantly young – 16 per cent were below the age of 24, and 40 per cent were between 25 and 30 years old.

But here's the rub. Only eight per cent of the respondents were women. And, much to our bemusement, when we asked the six companies we are profiling for details like the total number of employees, the rate of staff attrition, the average age of employees, and the gender ratio, the responses were hardly forthcoming. Google, the No.1 ranked company, the all-seeing, all-knowing search-engine King Kong (company mission: "Google's mission is to organize the world's information and make it universally accessible and useful") refused to divulge anything beyond the 2,000 employees it has in India. Ditto for Accenture. So much for the "knowledge economy". The three organisations that were most transparent were the Indian Railways (14 million employees – count 'em – attrition rate two per cent among senior officers; average employee age 37 and gender ratio one woman for every 139 men. Score one for the old caboose. DMRC, or the Delhi Metro Rail Corporation, has 8,000 employees, an attrition rate of between 8 and 10 per cent, average employee age 30, and a female:male ratio of 7:93. Score two for people movers. The third was Axis Bank.

Senior Editor Shamni Pande and Deputy Editor Alokesh Bhattacharyya steered the cover package. Pande wrote the main story with the findings (page 54). She also led the team that profiled the companies (Anand Adhikari, Goutam Das, Suprotip Ghosh and Arunima Mishra). Das also analysed the reasons for IT majors like Infosys and TCS falling off their high perches (page 82).

Our deep look at the best workplaces did not obscure the continuing bad news on the economy. Industrial output fell in May, the first time in five months; exports fell, too, despite the rupee flirting with the 60-to the-dollar level, while consumer price inflation rose to near 10 per cent in June. Most worrying for us at *BT* was our quarterly Business Confidence Index, which fell for the first time in four quarters to its lowest level since we launched the BCI in the first quarter of 2011. The 500 CEOs and CFOs we polled are voting with their chequebooks – 66 per cent said poor governance is forcing them to look outside India for investment opportunities. And a staggering 93 per cent are pessimistic about a pick-up in profits. Senior Editor Sanjiv Shankaran chronicles this sobering story from page 46.

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
www.businesstoday.in/editor

business today
http://www.businesstoday.in

Editor-in-Chief: Aroon Purie
Group Chief Executive Officer: Ashish Bagga
Group Synergy and Creative Officer: Kalli Purie

Editor: Chaitanya Kalbag
Managing Editor: Josey Puliyenthuruthel
Executive Editor: Suveen K. Sinha
Deputy Editors: Debashish Mukerji, K. Sai Srinivas, Alokesh Bhattacharyya

CORRESPONDENTS
Senior Editors: Anand Adhikari, N. Madhavan, Shamni Pande, Sanjiv Shankaran
Senior Associate Editors: Sebastian PT, Mahesh Nayak
Associate Editors: K.R. Balasubramanyam, Shweta Punj, E. Kumar Sharma, Goutam Das, Ajita Shashidhar, Suprotip Ghosh, Nandagopal Rajan, Manisha Singhal
Assistant Editors: Manu Kaushik, Sunny Sen, Nidhi Singal
Special Correspondents: Taslima Khan, Anilesh Mahajan, Sarika Malhotra, Ajay Modi
Principal Correspondent: Arunima Mishra
Correspondent: Dearton Thomas Hector

COPY DESK
Senior Editors: Uma Asher, Rishi Joshi
Senior Associate Editor: Sugita Katyal
Associate Editor: Sumit Upadhyaya
Chief Copy Editors: Gadadhar Padhy, Roopali Joshi
Copy Editor: Basudha Das

PHOTO DEPARTMENT
Photo Editor: Vivan Mehra
Deputy Chief Photographer: Shekhar Ghosh
Principal Photographer: Rachit Goswami
Senior Photographers: Aditya Kapoor, Nilotpal Baruah
Photographer: Nishikant Gamre
Photo Researcher: Palak Neb

ART DEPARTMENT
Deputy Art Director: Anand Sinha
Assistant Art Directors: Anita Jaisinghani, Vanita Arora
Chief Visualiser: Santosh Kushwaha
Senior Visualisers: Vikas Gupta, N. Ravishankar Reddy
Visualiser: Sristi Bhatt

PRODUCTION DEPARTMENT
Chief of Production: Dinesh Sachdeva
Production Coordinators: Narendra Singh, Rajesh Verma
Senior Supervisor: Rajkumar Wahi
Senior DTP Designer: Mohammed Shahid

RESEARCH DEPARTMENT
Librarian: Vijaylakshmi Vardan
Assistant Librarian: Satbir Singh
Senior Research Associates: Jyotindra Dubey, Niti Kiran

Group Business Head: Manoj Sharma
Associate Publisher (Impact): Anil Fernandes

IMPACT TEAM
Senior General Managers: Kaustav Chatterjee (East), Jitendra Lad (West), Head (North): Subhashis Roy
General Manager: Shailender Nehru (Bangalore)
Deputy General Manager: Velu Balasubramaniam (Chennai)

Marketing: Vipul Hoon, General Manager; Intekhab Aslam, Brand Manager

Head-Consumer Services: Poonam Sangha, Senior General Manager

Newsstand Sales: D.V.S. Rama Rao, Chief General Manager; Vinod Das, Senior General Manager (National); Manish Shrivastava, Senior Manager (North); Joydeep Roy, Senior Manager (East); Rajesh Menon, General Manager (West); Deepak Bhatt, General Manager (South); Rakesh Sharma, General Manager (Operations)

India Today Group

Vol. 22, No. 16, for the fortnight July 22 to August 4, 2013. Released on July 22, 2013.

● Editorial Office: India Today Mediaplex, FC 8, Sector 16A, Film City, Noida-201301, Tel.: 0120-4807100, Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001, Tel.: 0124-4948400; Fax: 0124-4030999; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013, Tel.: 022-66063355, Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018, Tel.: 044-28478525, Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel.: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel.: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301; Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no:1800 1800 100 (from BSNL/MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com

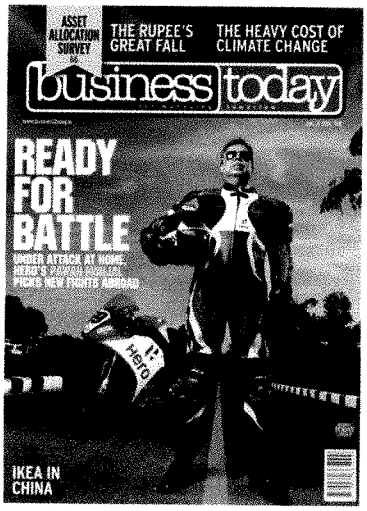
● Sales: General Manager Sales, Living Media India Ltd, B-45, 3rd Floor, Sector-57, Noida (U.P.) - 201301; Tel.: 0120-4019500; Fax: 0120-4019664
© 1998 Living Media India Ltd. All rights reserved throughout the world. Reproduction in any manner is prohibited. Published & Printed by Ashish Bagga on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35 Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at K-9, Connaught Circus, New Delhi-110 001.

● *Business Today* does not take responsibility for returning unsolicited publication material.
All disputes are subject to the exclusive jurisdiction of competent courts

SYNDICATIONS TODAY
For reprint rights and syndication enquiries, contact syndications@intoday.com or call +91-120-4078000
www.syndicationstoday.in

YOUR PERSONAL SPACE AWAITS YOU AT OUR GOLDEN LOUNGE.
Your journey with us is made comfortable right from the airport. At our Golden Lounge, we will be on hand to see to your every need. So you are pampered with our renowned hospitality, even before you hop on board.
#MHjourneys
JOURNEYS ARE MADE BY THE PEOPLE YOU TRAVEL WITH.
malaysia airlines
oneworld

Re: Letters to the Editor



A New 'Hero'

Your cover story on Hero MotoCorp (*Breaking Free*, July 21) was exceptionally good. It analysed minutely the company's progress after it parted ways with Japanese giant Honda two years ago. Hero chief, Pawan Munjal, having capturing new markets, new partners, and new technologies, definitely has a new "Hero" in his sights. The partnership with EBR has boosted the company's premium segment. Though Hero has come late to the overseas sales party, its hope of touching a million units in four years will definitely come true.

Abhinav P., *New Delhi*

Climate Challenge

That was a great article on climate change (*An Urgent Agenda*, July 21). It was a bit negative, though. It would be great if you devoted a couple of pages to the environment and sustainability in every issue. You could divide the series into two parts, one showcasing efforts by industry to go green and minimise its carbon footprint, and the other detailing how much still remains to be done.

Shekhar Inamdar, *on e-mail*

Digital Ad Gamble

The feature *Digitally Challenged* (July 21) explained well how and why big advertising empires have made hurried acquisitions to enhance their digital footprints. As most large agencies do not have a planned approach to digital, they will face challenges in integrating their digital teams with the mainstream. It is anybody's guess if their gamble in acquiring the boutique digital ad agencies will work at all.

Biswaranjan Mishra, *Gurgaon*

Pop Porn

Your article *India Makes a Porn Call* (July 21) suggests that even the best of the laws of economics have their exceptions. I am referring to the law of diminishing marginal utility, which says that as a person increases consumption of a product, there is a decline in the marginal utility the person derives from each additional unit of that product. But when it comes to porn, this is not true – the craving for it never reduces no matter how much is consumed. I was startled to discover Indians are avid consumers of porn. Cheap cellphones have brought porn within the reach of the *aam aadmi*.

B.S. Acharya, *Berhampur*

Ironical

It is, indeed, cruel irony that the very event the world was anxiously awaiting for its future stability – the economic recovery of the US – should be among the main reasons for the rupee's great fall (*A Long Way Down*, July 21)

Manu Singhal, *Jaipur*

Corrections

The report *Battle at the Gate* (July 21, Page 85) says "...PayU, owned by South Africa-based media giant Naspster Group". It should be "Naspers Group".

The People item on Tony Chi, *In Humble Fashion* (July 21, Page 116) says "the project will cost Ireo $700". It should be "$700 million".

We regret the errors.

Send all your comments to editor.bt@intoday.com

www.facebook.com/BusinessToday

Infosys global sales head Basab Pradhan quits?
That is quite interesting after Narayana Murthy's coming back.... - **Divyanshu Mishra**

Vodafone offers free roaming at ₹5 per day
It is great. - **Navneet Chahal**

M&M stops production for eight days in July to cut output.
The pathetic roads in India are not meant for high-end SUVs. The earlier they realise it, the better for them and their shareholders. - **Gaurav Sharma**

HOW TO CONTACT BT

WRITE TO:
The Editor, Business Today, India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301.
Email: letters.bt@intoday.com/editor.bt@intoday.com
Website: www.businesstoday.in
Unsolicited articles will not be returned or acknowledged.
Business Today reserves the right to edit letters for brevity and clarity before publication.

FOR SUBSCRIPTION ASSISTANCE WRITE TO:
Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) – 201 301
Phone: (0120) 2479900 from Delhi & Faridabad; (0120) 2479900 (Monday-Friday; 10 am-6 pm) from Rest of India; Toll free no. 1800 1800 100 (from BSNL/ MTNL lines); Fax: (0120) 4078080
E-mail: wecarebg@intoday.com

BT SCRAPBOOK
- React to articles in BT
- Suggest story ideas
- Share your experience as consumer or SME
- See what others have to say on our stories on scrapbook at www.businesstoday.in

DO STORES: AHMEDABAD: 26442802. **BANGALORE:** 30160121, 40982107. **COCHIN:** 4060336. **CHENNAI:** 42613000, 28464224, 3008348

CONTENTS

COVER BY ANAND SINHA
PHOTOGRAPH BY VIVAN MEHRA

AUGUST/4/2013
VOLUME 22/NUMBER 16

COVER STORY

Google 60

Accenture 64

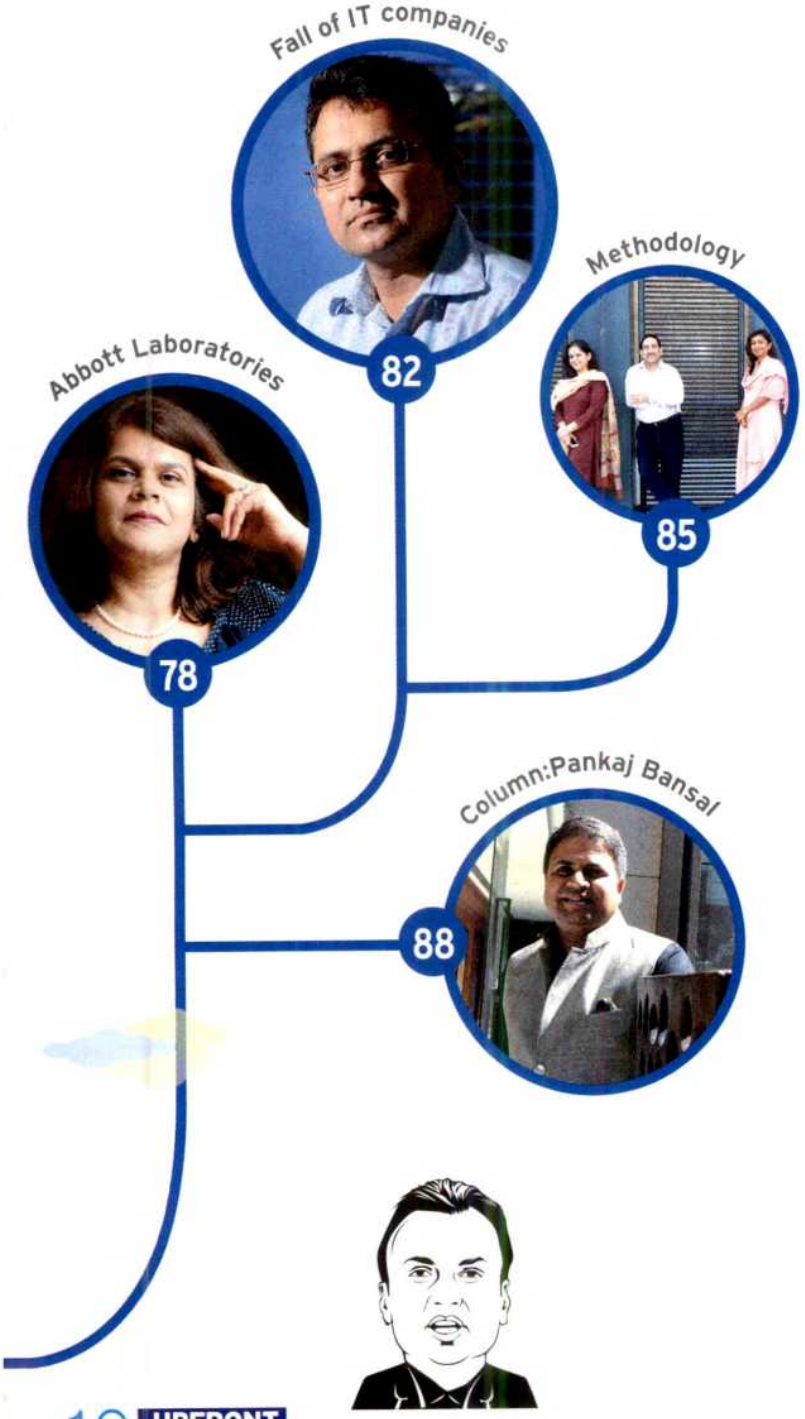
Axis Bank 66

Indian Railways 70

DMRC 74

THE BEST COMPANIES TO WORK FOR

The annual *BT*-PeopleStrong Survey, carried out in association with Naukri.com, finds employees looking for more meaning than money



10 **UPFRONT**

10 | **Quick takes on major events**

FOCUS

14 | **Feeding a Billion**
Implementing the Food Security Ordinance effectively will be a big challenge

18 | **Power Play**
The steep fall of the rupee has made the need for energy reform all the more urgent

24 | **Graphiti: Limited Reach**
How little Rural India gets of the total credit disbursed by banks

ONLINE

Pick of the Lot

Which are the best companies to work for in India? And what makes a company attractive to employees? A comprehensive package.
businesstoday.in/bestcompanies2012

Cornering the Foreign Field

Sarika Malhotra on Indian brands making an impact overseas.
businesstoday.in/brands-overseas

What Lies Beneath

Manisha Singhal on the forces behind the opposition to the Jet-Etihad deal.
businesstoday.in/behind-jetdeal

PERSPECTIVE

Still Hot

Despite the recent flight of FII funds from India, it remains a reasonably good investment destination, argues **Mahesh Nayak.**
businesstoday.in/india-fii

Ever Optimistic

Despite its slow growth in India, and the slump in the auto sector, carmaker Nissan has ambitious new projects in the offing, notes **N. Madhavan.**
businesstoday.in/nissan-plans

Pleasant Surprise

Infosys's latest quarterly results, the first announced after the return of N.R. Narayana Murthy, are better than expected, notes **Goutam Das.**
businesstoday.in/infyq1-13

BLOG

Left to Our Own Devices

Stickers are in online, smileys are out, points out **Nandagopal Rajan.**
businesstoday.in/gadgets

CONTENTS

FEATURES

28 | **Flying in the Face of Discontent**
Despite brickbats, the government cannot afford to scrap the Jet-Etihad deal

32 | Back on the Runway
Air India's recent performance offers hope of a comeback for the beleaguered carrier

36 | Transition Trauma
The biggest challenge for financial services companies in the race to set up new banks will be to manage the shift away from their existing business models

40 | **Path to Profitability**
Uninor, which lost some 10 million subscribers from January to March, is close to breaking even. How did it achieve this?

46 | Plunging with the Rupee
The local currency's slump has shattered business sentiment and reversed the gains of the last three quarters, finds the latest Business Confidence Survey

96 | Lost in the Outback
Cracking the rural market has turned out to be a tough task for organised retail chains

100 | Homing in on Education
Mortgage lender HDFC is putting the building blocks in place to grow its education venture Credila

104 | Help for the Hatchlings
Events are connecting start-up entrepreneurs in their lonely journey, and the focus is on sharing information

110 | *HBR* Exclusive: Reclaim Your Creative Confidence

114 | **In Tune with Demand**
A Mumbai-based musical instrument dealer is betting that India needs more piano tuners and repairers, and has set up a school to train them

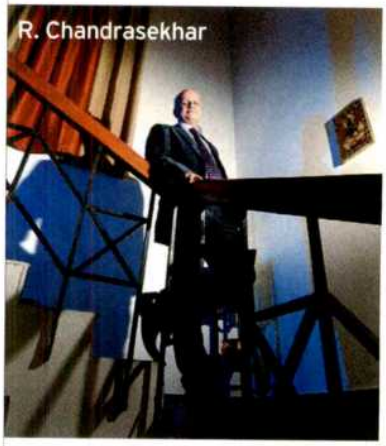
LBNL

RIGHT CLICK
118 | The Coming Tablet Raj
The innovative uses the tablet is being put to are mind-boggling

BOOKEND
120 | Winning at Chinese Checkers
The book reveals why doing business in China is an uncertain endeavour

CAREERS
122 | Research and Grow Rich
Opportunities are growing in the corporate world for those seeking a career in research

128 | PEOPLEBUSINESS



LEADERSPEAK
132 | Rakesh Malhotra
Founder & Chairman, Luminous Power Technologies

Find the Right Job on Page:112-115
Jobs Today
Get Lucky. Get Active on Monster.
• Better Access • Better Connections
• Better Jobs
Powered by monster
Find Better.™

An IMPACT Feature

From time to time, you will see pages titled "An Impact Feature" in *Business Today*. This is no different from an advertisement and the magazine's editorial staff is not involved in its creation in any way.

THE ALL NEW CHEVROLET BEAT WITH REFRESHING NEW SILVER INTERIORS.

Make a shiny new statement with the Beat's sparkling silver interiors and intelligent height-adjustable seat.

CHEVROLET BEAT
3
YEAR
ANNIVERSARY
CELEBRATION

CALL TO TEST DRIVE
CUSTOMER ASSISTANCE CENTER
1800 3000 8080

Visit our website:
www.chevrolet.co.in
or SMS <BEAT> to 5424280

BEAT DIESEL 25.44* kmpl

BEAT PETROL 18.6* kmpl

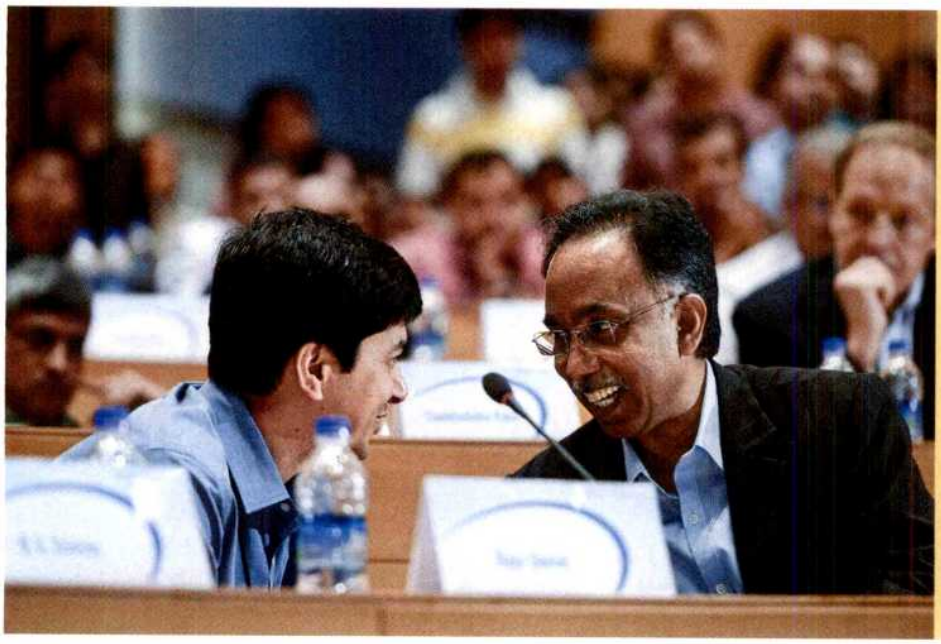
WINNER
INDIA DESIGN MARK
2013

220 CITIES
285 OUTLETS
EVER GROWING NETWORK

CHEVROLET 3 YEARS PROMISE
3 YEARS/45,000KM*
WARRANTY: 3 years/100,000 km (whichever is earlier)

CHEVROLET

Terms and Conditions Apply. #Chevrolet Promise-Assured low cost of maintenance and repairs carried out at Chevrolet authorized service stations for a period of 3 years/45,000 km (whichever is earlier). Warranty coverage 3 years/1,00,000 km (whichever is earlier). Colours shown may not match the actual colours due to printing limitations. Features mentioned and accessories shown will vary by model and may not be a part of the standard equipment. Chevrolet is a registered trademark of General Motors Company. *Mileage as certified by Certification Agencies as per rule 115 of CMVR. As per mileage figure released by iCAT. Terms and conditions of the offer are subject to change without prior notice. For full



NILOTPAL BARUAH

Going for Growth: Infosys CEO S.D. Shibulal and CFO Rajiv Bansal have reasons to cheer as India's third-largest IT exporter, which had lost its way over the last two years and was growing somewhat slower than its rivals, reported net profits of ₹2,374 crore for the quarter ended June 2013. The company held on to its guidance of 6 to 10 per cent growth for 2013/14.

Corporate

The **Supreme Court** has asked **Tata Motors** to make its stand clear on its leasehold rights over the land in Singur, as the company has already moved its car project out of West Bengal. The land should go back to the agriculturists, and the West Bengal government may file an affidavit on the matter of returning the money the company had paid, the court said. The next hearing has been fixed for August 13.

The government plans to announce the mergers and acquisitions (M&A) guidelines for the telecom sector by July 31. The telecom sector has around 13 mobile phone service providers, with some of them expected to go for consolidation once the norms are in place.

The outstanding forex debt of Corporate India stood at over $200 billion as of March 2013, of which close to 45 per cent is short-term debt. Only half of this forex exposure is hedged and Corporate India will be severly impacted by the rupee's depreciation, says Crisil Research.

India's largest e-commerce company, Flipkart, has raised $200 million from its existing investors which include South African media conglomerate Naspers, venture capital firm Accel and investment company Tiger Global. This is the largest fund raising round in the Indian e-commerce segment. In August last year, Flipkart reportedly raised about $150 million from Naspers and Iconiq Capital, an investment advisory based in the US.

The **Anil-Ambani** promoted **Reliance Communications** plans to spin off its real estate business into a new entity called **Reliance Properties**. This will help the company unlock the value of its headquarters in Mumbai and a land bank in Delhi, estimated to be worth ₹12,000 crore. The company plans to divest non-core assets, and focus on its core wireless and enterprise business. Reliance Properties will be a separate listed company and will work with leading global partners to develop real estate.

OPEC's share of the world market will shrink in 2014 following rising supply of US shale oil. Thus the fastest growth in world demand for oil in four years gives the exporter group little comfort. The US shale boom has already curbed imports from OPEC members such as Nigeria and Algeria. OPEC also forecast a recovery in demand next year as economic growth gathers pace. World oil use will rise by 1.04 million bpd in 2014.

In a sweeping rejection of Apple Inc.'s strategy for selling electronic books on the Internet, a US federal judge ruled that the company conspired with five major publishers to eliminate retail price competition and raise the prices of ebooks.

Economy

The International Monetary Fund has cut India's economic growth forecast by 0.2 percentage points to 5.6 per cent for 2013/14. The multilateral agency has cautioned emerging market economies against prolonged slowdown because of developments in the advanced world. Of particular concern would be the United States policy on withdrawal of stimulus.

Proposed investments by domestic and foreign entrepreneurs declined by 75 per cent in FY2012/13, according to a survey by Assocham. India attracted 697 investment proposals through both domestic and foreign entrepreneurs to the tune of over ₹1.4 lakh crore as of March 2013. This compares with 2,828 proposals worth ₹6 lakh crore during the corresponding period last year. Maharashtra topped the list attracting maximum share of proposals at 20 per cent while Kerala accounted for 10 per cent of the proposals.

Key macroeconomic data including GDP and IIP numbers will now be released after market hours at 5.30 pm. This is being done in an apparent bid to prevent any knee-jerk reactio to such information by the markets.

The jewellers' association may soon stop the sale of gold coins and bars, which account for up to 20 per cent of all gold sales in India, for three months, to help ease pressure on the current account deficit.

6.4%

Growth of the government's direct tax collections, net of refunds, amounting to ₹89,705 crore in the first quarter of the current financial year. This is compared to ₹84,274 crore in April-June of 2012/13. The Union Budget has targeted direct tax collections to grow 18 per cent, amounting to ₹6.7 lakh crore in 2013/14 against ₹5.65 lakh crore for 2012/13.

44%

Projected compound annual growth rate of India's Internet protocol traffic between 2012 and 2017. India's growth rate, the world's highest, is followed by Indonesia's (42 per cent), according to a Cisco study.

Markets

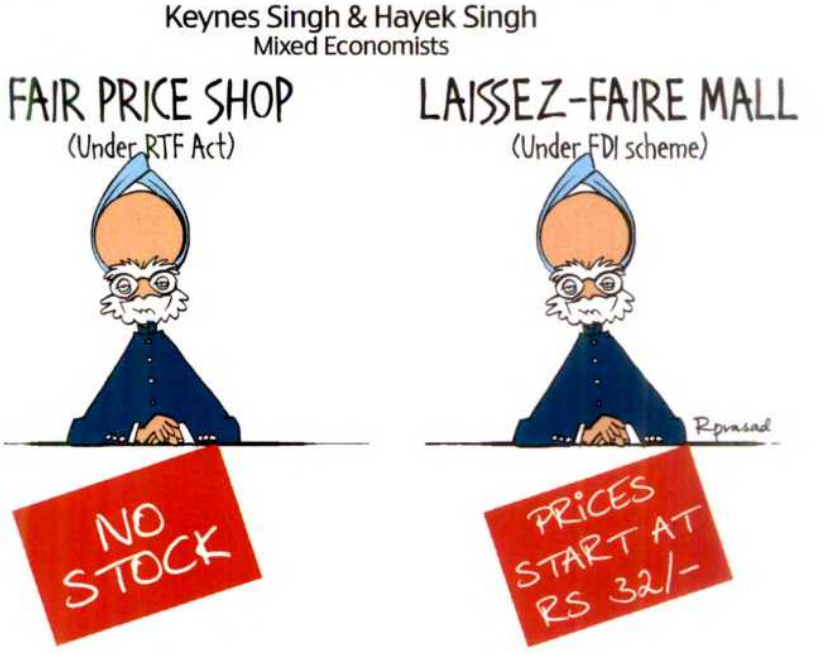
India's largest telecom operator, **Bharti Airtel** has reduced its debt by over 10 per cent from the proceeds of a 5 per cent stake sale to **Qatar Foundation Endowment**. The sale fetched ₹6,796 crore. The debt reduction is expected to help the company save ₹400 crore annually.

Equity derivative turnover on the BSE nearly doubled to ₹6.26 lakh crore in May. This marks its strongest recovery for the first time in three months. The volumes of equity derivative contracts went up to 2 crore in May from 1.10 crore in April. NSE recorded ₹35 lakh crore monthly turnover in equity derivatives in May– a rise of 16.4 per cent compared to the preceding month.

Coming Up

- Prime Minister Manmohan Singh will meet captains of the industry on July 29 to take stock of rupee depreciation and its impact on trade and industry, consider ways to correct the current account deficit and measures to revive industrial growth.

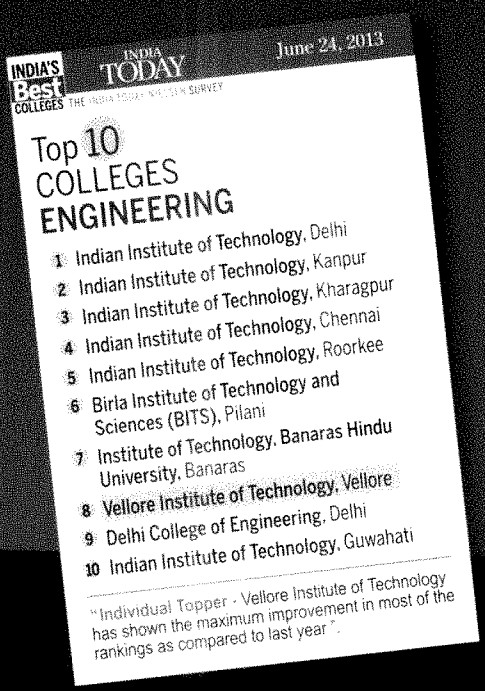
- A Delhi court will hear the additional 2G spectrum allocation case on July 31. Bharti Cellular CMD Sunil Mittal, Essar Group promoter Ravi Ruia and others have been summoned as accused in the case. The special judge deferred proceedings after it was pointed out that the matter is pending in the Supreme Court.



Reaching the top is good. Staying on top is even better.

This year, VIT has moved up to rank No. 8 among the premier engineering institutions in India.

To be ranked one of India's finest engineering institutions year after year is no mean achievement. But to beat ourselves at our own game is an accomplishment we are proud of. This proves that in spite of our world-class standards in education, an inspiring faculty, the finest infrastructure, a high research output and the best placement opportunities for students, we don't take ourselves for granted. Which is why, we are one of the most coveted premier engineering institutions in India today.

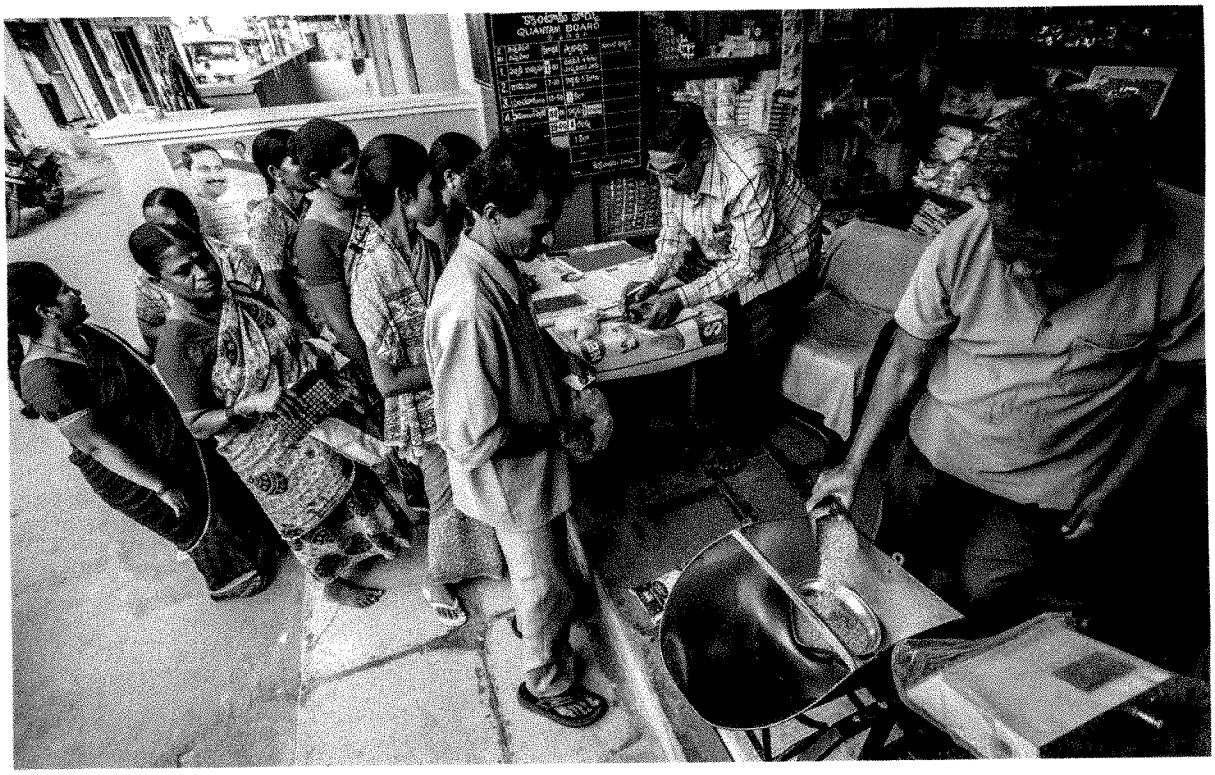


VIT®
UNIVERSITY
(Estd. u/s 3 of UGC Act 1956)
VELLORE ■ CHENNAI
www.vit.ac.in

VIT - A place to learn; A chance to

FOCUS

18 Energy Reforms
22 New Devices
24 Financial Inclusion



A. PRABHAKAR RAO/www.indiatodayimages.com

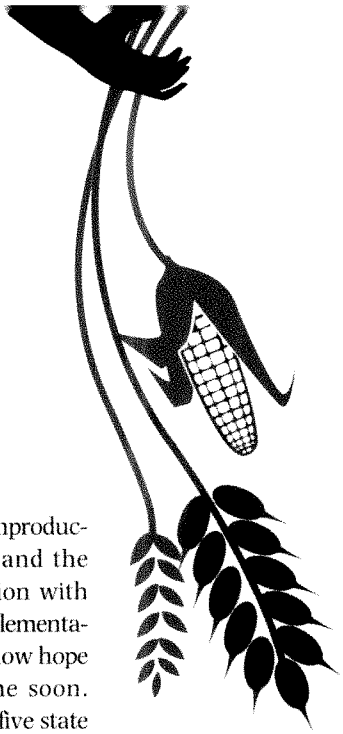
Feeding a Billion

Implementing the Food Security Ordinance effectively will be a big challenge. By AJAY MODI

67%
of the Indian population will receive subsidised foodgrain from the government every month

A few months before the next parliamentary elections, scheduled for May 2014, a majority of Indians will have an additional legal right – they can demand subsidised foodgrain every month. The government has notified the National Food Security Ordinance and over the next six months, states will have to identify beneficiaries and frame guidelines for implementation.

The timing of this Ordinance is important. It is seen as an effort by the United Progressive Alliance (UPA) government to woo voters. Many call it similar to the ₹52,000-crore loan waiver scheme of the same government in its first term just ahead of the 2009 Lok Sabha elections. The UPA had promised to implement the Food Security Bill within 100 days of forming a



government in 2009, but unproductive Parliament sessions and the government's preoccupation with other issues had delayed implementation. The government will now hope to implement this scheme soon. "Given that India will hold five state elections in the fourth quarter of 2013 and general elections in 2014, the Congress may want to deliver as soon as possible," Standard Chartered Bank points out in a report.

The scheme offers a uniform monthly entitlement of five kg of subsidised foodgrain for up to 75 per cent of the rural and up to 50 per cent of the urban population. The current entitlement of Antodaya Anna Yojana (AAY) households (the poorest of the poor) will, however, continue at 35 kg of subsidised foodgrain every month. A beneficiary can demand rice at three rupees a kg, wheat at two rupees, and coarse cereals at one rupee. Cereals are already being provided to AAY beneficiaries at these prices. The right, however, cannot be claimed if supply is affected by war or natural calamities.

The prices of the grains have been fixed for a three-year period, after which they may undergo revision. The government may in future look at cash transfers or food coupons to beneficiaries in place of the grain entitlement.

Like all welfare schemes, this one too, will have a financial implication. According to the government's calculations, the additional annual food subsidy burden – over and above the estimated food subsidy under the existing Public Distribution Scheme and other welfare schemes – will be about ₹23,800 crore. The Centre's total food subsidy bill will be around ₹124,747 crore in 2013/14. An analysis by Standard Chartered Bank says the fiscal impact will not exceed 0.1 to 0.15 per cent of gross domestic product in 2013/14, most of which has been factored into the Budget.

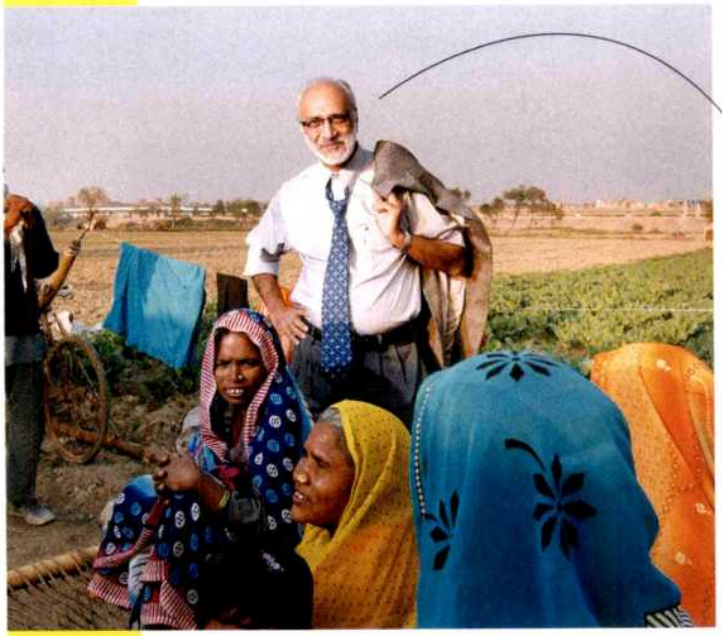
However, experts are also looking at other costs related to implementation of the scheme. Procurement, storage and transport of foodgrain will substantially raise cost of the scheme for the Central government, says Ashok Gulati, Chairman of the Commission for Agricultural Costs and Prices, an advisory body of the Central government on price policy of agricultural commodities. "All of this will need money from the Centre. Once we account for these elements, the actual cost should be much more." Leakages that are an integral part of the distribution system, add another dimension to the problem. Additional allocation and distribution will mean more leakages and imply more costs. "About 40 per cent of what is allocated does not reach the beneficiaries. We have failed to plug it in 50 years and realistically this can't get fixed in a six-

IN A NUTSHELL

What does the Food Security Ordinance offer?
It promises a uniform monthly entitlement of 5 kg of foodgrain to individuals covered under the scheme at ₹3 per kg of rice, ₹2 per kg of wheat and ₹1 per kg of coarse cereals such as jowar, bajra and maize

How does it differ from the current Targeted Public Distribution System?
Currently, different quantities of rice and wheat are provided at different prices to different categories - Antodaya Anna Yojana beneficiaries, Below Poverty Line and Above Poverty Line families. The new Ordinance offers a uniform monthly entitlement of 5 kg foodgrain to 75 per cent of the rural and 50 per cent of the urban population at the subsidised prices already being offered to the AAY category (the poorest of the poor). However, the entitlement of 25 million AAY households to 35 kg of cereals every month continues

What will be the fiscal impact?
The government's calculation puts the additional annual food subsidy at ₹23,800 crore. The Centre's total subsidy will be ₹124,747 crore in 2013/14



SHEKHAR GHOSH

"THE BIGGEST CHALLENGE IS TO FIX LEAKAGES IN THE PDS. WHAT WE HAVE FAILED TO ACHIEVE IN 50 YEARS, CAN WE ACHIEVE IN THE NEXT SIX MONTHS?"

ASHOK GULATI, Chairman, Commission for Agricultural Costs and Prices

month period," Gulati adds.

The scheme also faces opposition from some state governments who follow their own subsidised and successful distribution schemes. Raman Singh, Chief Minister of Chhattisgarh, has opposed the scheme. In fact, Singh's government stole the show last year by passing the Chhattisgarh Food Security Act 2012 before the Centre could deliver on the idea. The Act covers 90 per cent of the state's population and does not limit itself to cereals but also includes salt, black gram and other pulses at subsidised prices. Other states like Tamil Nadu and Madhya Pradesh also have their own subsidised grain distribution schemes, some of which provide grain at prices even lower than what the new ordinance envisages.

The success and failure of the scheme will depend on the states as they need to implement and monitor it. A state-level Food Commission will be set up for this purpose. States are free to continue or formulate their own food and nutrition-based plans with their resources to provide benefits more attractive than under this Ordinance.

The Ordinance focuses on cereals at a time when both urban and rural India are spending less on cereals and more on non-cereals. According to the report by Standard Chartered Bank, the scheme could increase demand-side inflationary pressures on non-cereal food products such as pulses and dairy items. A consequcent supply demand mismatch may stoke inflation in protein-rich items, too. Why not provide a legal right to these items, too? "There is huge dependence on imports for meeting the domestic demand for pulses and edible oils. Also, the procurement infrastructure for pulses and oilseeds is not strong at this moment. In the absence of assured overall domestic availability of these commodities and weak procurement operations, it is not possible to confer a legal right for their supply," says a statement of the food ministry.

Given inadequate infrastructure, as well as corruption and leakage in the food distribution process, doubts about the quality of delivery to targeted recipients remain high. "The scheme will face serious implementation challenges, and if these are not addressed through a well-thought out mechanism, the objectives may not be met," says T. Nanda Kumar, who has served as secretary in the ministries of food as well as agriculture. ◆

PROCUREMENT, STORAGE AND TRANSPORT OF FOODGRAIN WILL SUBSTANTIALLY RAISE COST OF THE SCHEME FOR THE CENTRAL GOVERNMENT

Send your comments to editor.bt@intoday.com

We're helping UNIQLO grow by 350%. Now that's a fashion statement.
High performance. Delivered.
Aggressive expansion is key to UNIQLO's goal to become one of the largest apparel retailers in the world. We helped them completely transform and standardise their entire global business – from merchandise and supply chain, to inventory and store management – fuelling expansion into major markets including China, the US, the UK and France. So far, sales have more than tripled, making Fast Retailing, with its flagship brand UNIQLO, the 4th largest private label in the world. That's high performance, delivered.
consulting | technology | outsourcing
accenture

Power Play

The steep fall of the rupee has made the need for energy reform all the more urgent. By ANILESH S. MAHAJAN

INDIA'S CURRENT ECONOMIC CRISIS HAS CATALYSED THE STEPS TO REFORM INDIA'S ENERGY SECTOR

Energy reform in India has a new champion: Finance Minister P. Chidambaram. He has been hardselling the idea to multi-party parliamentary groups which call on him, pointing out that for economic growth, enhanced domestic production of coal and gas is essential. Chidambaram played a key role in pushing through the controversial new gas pricing formula, which links India's domestic gas price to international prices, a fellow cabinet minister revealed.

The formula will affect prices, but disparate voices in the government say this is inevitable. India's current economic crisis – the current account deficit (CAD) is at a historic high of five per cent of gross domestic product – has catalysed the steps to reform India's energy sector. A widening CAD has weakened the rupee, making fuel imports costlier. The overarching themes of energy reform are: gradually link domestic market prices to international prices and end subsidies in phases so that all customers, retail or corporate, pay market prices.

It's not just cabinet ministers who are championing this reform. Separately, regulators are doing the same. Even the 14th Finance Commission, chaired by former Reserve Bank of India governor Y.V. Reddy, has been asked to make its recommendations, assuming that electricity tariffs in future will not depend on the whims of politicians.

To get back to Chidambaram, what's triggering the urgency? It is the fiscal deficit, the one indicator finance ministry officials obsess about as credit rating agencies and analysts constantly question them about it. The fiscal deficit in 2012/13 was 4.9 per cent of GDP. Chidambaram has charted a path to cut it to three per cent of GDP in another four years. The key to that is reducing the extent of subsidies, particularly energy subsidies.

The Asia editorial director of global energy information provider Platts, Vandana Hari, says the rationalisation of subsidies is a step in the right direction. "India has a complex web of subsidies, and at the end, the ultimate consumer gets an unfair deal. These signals from these reforms are positive, and will encourage observers globally," she says. She was particularly upbeat about the recent revision of the gas price formula.

The journey along this path is not going to be smooth. The immediate hitch is the turmoil in the foreign exchange market. Since April this year, the Indian currency has fallen about 10 per cent against the US dollar.

Mahindra
LOGISTICS
The Core of
the High-tech Industry
At Mahindra Logistics, we understand that it is a high-tech world. Therefore, we are always switched on to provide you with top-notch logistics solutions, anywhere, anytime. Whether it's electronic equipment or high-end telecom products, simplify your logistics with us. Be it inbound transportation, in-plant logistics, warehousing, distribution, repairs and returns. We deliver.
Automotive | Consumer Goods | Retail | High-Tech | Engineering
Mahindra
LOGISTICS
Call 1800 258 6787
mahindralogistics.com
Mahindra
Rise.

FUELLING GROWTH

How India seeks to increase its fuel supply

During this period, the under-recovery of oil marketing companies on diesel – part of which is met by energy subsidies – has more than doubled from ₹3.27 to around ₹8.09 a litre despite regular diesel price increases since September in an effort to pare subsidies.

This has already had an adverse impact on the business plans of private oil companies, which do not get government compensation for subsidising the retail price of diesel. "There is an urgent need to fix the depreciation of the currency. What the RBI is doing by banning derivatives and adopting some other methods are short-term fixes. It must look at ways to increase the faith of FIIs (foreign insitutional investors) in India, and also bring in FDI (foreign direct investment)," says Anis Chakarvarty, Chief Economist at Deloitte Touche Tohmatsu's India chapter.

Three months ago, Reliance Industries, Essar Oil and Shell India were planning to revisit their retail business and expand their bases. In fact, some had even refurbished existing outlets. "Things have gone back to square one with the dipping currency," says an official from a private oil company.

The depreciation of the rupee reflects the country's overall macroeconomic weakness and requires the government to simultaneously address many issues. One of them is to deal with coal shortages for the power sector.

To its credit the government is making some efforts. It is working to revise the imported coal index, vital for determining the electricity tariff from power plants using imported coal. Currently, the index is the average of imports from two countries, South Africa and Australia. The finance and power ministries want to include Indonesia, from which India has begun importing a good deal of coal in recent years. "The coal sector is characterised by acute shortages, poor quality, inefficient mining practices and distorted pricing mechanisms. These factors have had a crippling effect on power generation and manufacturing," says S. Nandakumar, Senior Director, Infrastructure, India Rating and Research.

Recently, the central electricity regulator allowed Adani Power and Tata Power to pass on an increase in the price of imported coal to end consumers. Both have power plants at the port city of Mundra, Gujarat, and are based on imported coal. The regulator has formed a committee under HDFC Chairman Deepak Parekh to decide how much more the two companies can charge to compensate for the new price of coal.

Separately, the Cabinet allowed Coal India to import coal to offset fuel shortages at power plants and pass on the relatively higher price of imported coal to consumers. With many problems of the sector being attributed to the virtual monopoly enjoyed by state-owned Coal India, the empowered group of ministers under Chidambaram has also cleared a bill to bring in a regulator, which will effectively end the monopoly.

The new gas pricing formula may well invite more criticism once the monsoon session of Parliament starts. However, analysts see the cabinet decision as a positive development. Ben Wetherall, an analyst at global energy information provider, ICIS, says: "This is a good time for India to rework its exploration activities. But the reality is that gas and gas competition is here to stay. India will have to work out its plans." ◆

Oil companies allowed to buy from any part of the world they choose, to ensure assured supplies and reduce price volatility

Hi-tech new refineries being built, which can process even high density crude

Coal regulator to be set up to end Coal India's monopoly and ensure level playing field for private companies

"INDIA HAS A COMPLEX WEB OF SUBSIDIES, AND AT THE END, THE ULTIMATE CONSUMER GETS AN UNFAIR DEAL"
VANDANA HARI, Asia Editorial Director, Platts

Innovating | Excelling | Delivering

"Information Week ranks ADP #7 among 'Most Innovative Business Technology Organizations'. And that makes a big difference."

Mick Mulhern
Senior Director – Application Development, UK

"In the business of YOUR success"

ADP Inc. is a world leader in computerized business solutions. We have a blue-chip client list and an outstanding track record of over 60 years.

We offer excellent careers – with the opportunity to work on the latest technologies/processes, across a range of platforms and domains, to meet the specialized needs of 600,000 clients globally.

But most of all you'll enjoy our organizational culture. Because we treat you like a member of our family. And we encourage you to grow to your fullest potential. No wonder we're listed among 'India's Top 50 Best Companies to Work For in 2013' by the Great Place to Work Institute. And we're ranked #13 (Employee Rank) in the Dataquest-CMR Best IT Employer's Survey, 2012. That's why over 50% of our associates have joined us through our employee referral program – one of the highest rates in the industry. To know more, email us at ADPi.Dialog@adp.com

- Ranked #255 in the Fortune 500 – 2013
- A $10 billion company
- Top-ranked company in Financial Data Services in FORTUNE magazine's 'The World's Most Admired Companies' – 2013
- Ranked by Forbes magazine among '100 most innovative companies' – 2011
- Rated 'AAA' by both S&P and Moody's (one of only 4 industrial companies in USA)

A Fortune 500 Company

GREAT PLACE TO WORK Best companies to work for 2013 India

Great careers in:
• Product Development • RIM • BPO • Global Security

www.ADP.com/careers

Mobile Office

Now you can open and edit any Office file on your iPhone, provided you have paid for an Office 365 subscription. The app links to SkyDrive and shows you all your files there. You can also create new Word documents and Excel spreadsheets; even use templates. Editing is easy so long as you are comfortable using a touchscreen. The only drawback is that it is not possible to download this app on the iPad.

By: Microsoft Corp
Cost: Free

A MOBILE APP FOR OFFICE WORK, THE CAMERA WITH THE STEADIEST ZOOM, AND AN AWESOME TV

Rock Steady

This new camera from Sony has a 50x optical zoom, which is undoubtedly the steadiest we have seen so far. You can use a 1200mm equivalent zoom without a tripod and the image will still be clear. While most other cameras take ages to lock on the subject in the full zoom, the HX300 has a very fast auto-focus. In fact, as you zoom to 50x it feels as if the camera is continuously locking focus along the way. Of course, there is some blurring as we were not using a tripod, but details are still impressive thanks to the new Optical SteadyShot. All manual and automatic modes are also available on this camera. This is a good option for those looking for an all-rounder among cameras.

Stable zoom, Picture quality

Noise in high ISOs

Sony CyberShot DSC-HX300 **Price:** ₹25,990

LG 55LA8600 **Price:** ₹2.5 lakh

3D TV at Its Best

LG has updated its television range with the 55-inch LA8600. This new version has the best 3D in the market as well as the trademark thin bezel that gives the screen a seamless feel. The picture quality is really good, with or without the 3D. This LED Plus TruMotion 240Hz screen gives solid blacks and shows no ghosts even with fast moving visuals. The 3D works better with stereoscopic content, but the 2D to 3D conversion mostly adds depth, not throw. The sound quality is so good, you will seldom have to go beyond the halfway mark on the volume. There is virtual surround too, though we did not sense any big change in sound quality here. This is a smart TV and you will need wireless or wired connectivity to get the apps going. The LG Smart World gives access to hundreds of Android apps and the unit has a 1.2GB Dual-Core CPU with 2GB DDR to make them run.

Great 3D; Picture quality

Price

NANDAGOPAL RAJAN

AMITY CASE RESEARCH CENTRE

HARVARD
OXFORD
MIT
BOSTON
COLUMBIA
CORNELL
YALE
NEW YORK
BABSON
CHICAGO...

HAVE BOUGHT CASE-STUDIES DEVELOPED BY AMITY UNIVERSITY FACULTY.

If you wish your organisation's case study to be developed by Amity Case Research Centre, please write to casestudies@amity.edu

For more details on
Amity Case Research Centre,
visit www.amity.edu/casestudies

Leading companies from across the world have been featured in the over 600 case studies developed by Amity faculty that have been bought in 47 countries by more than 300 leading academic institutions & corporates.

Amity case studies are a testimony to Amity faculty's commitment to research in diverse domain activities including consulting and authoring of books & journals.

These record number of case studies are one of the many reasons why **Amity Business School has been ranked among the Top 10 in India** by leading surveys over the years.

Ranked 6th top B.School in India for Marketing by corporate recruiters in the Economic Times survey. Also ranked amongst top 10 in India by Business Today

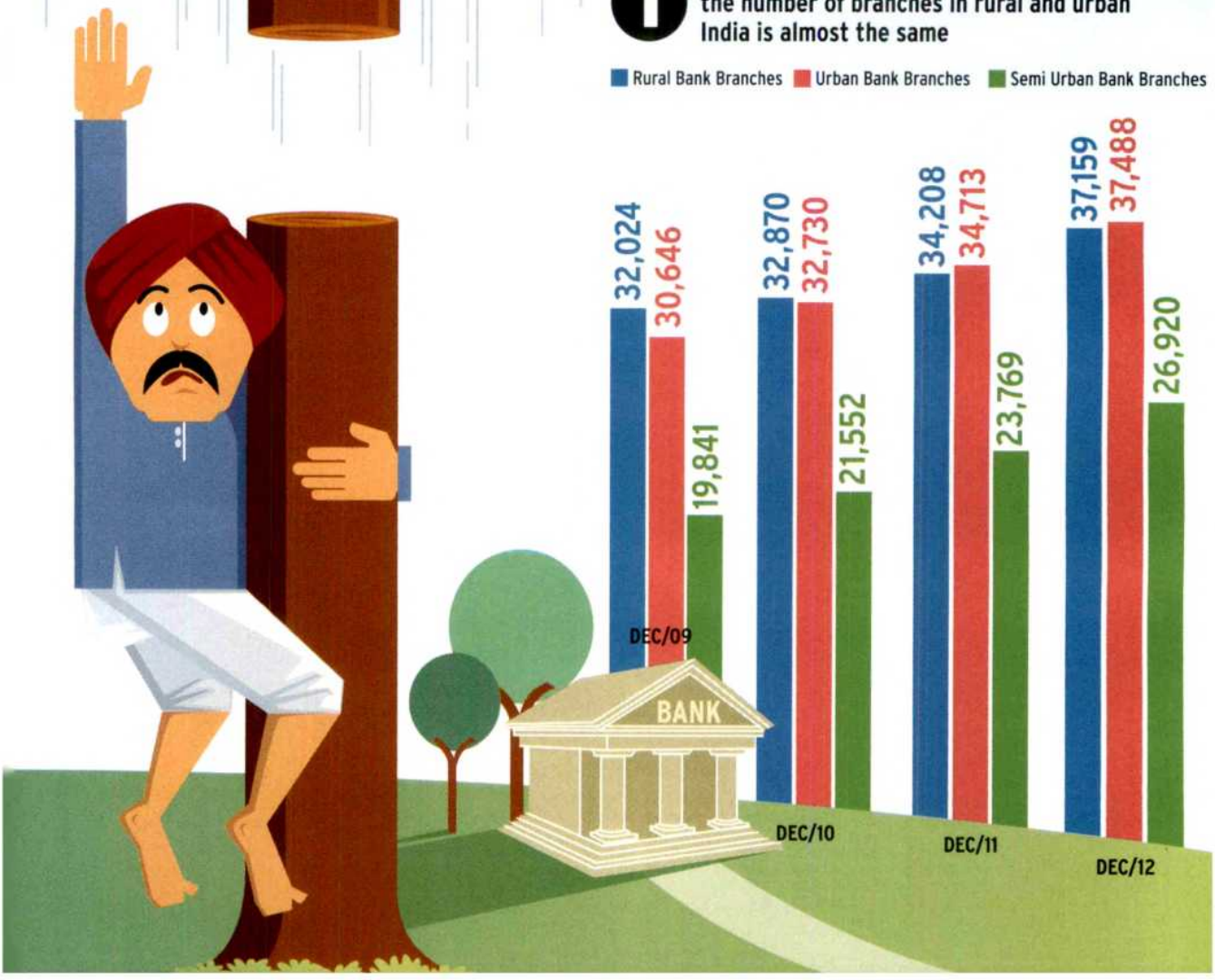
AMITY UNIVERSITY
GRADE 'A' ACCREDITED BY NAAC

LIMITED REACH

Rural India is home to some 83 crore people, about 70 per cent of the population. Ensuring rural access to bank credit is one of the keys to poverty alleviation. But financial inclusion is still a distant dream. Rural India gets only a small fraction of the total credit disbursed by banks.

Graphic by **Santosh Kushwaha**
Research by **Jyotindra Dubey**

1 **Though the majority of Indians live in villages, the number of branches in rural and urban India is almost the same**

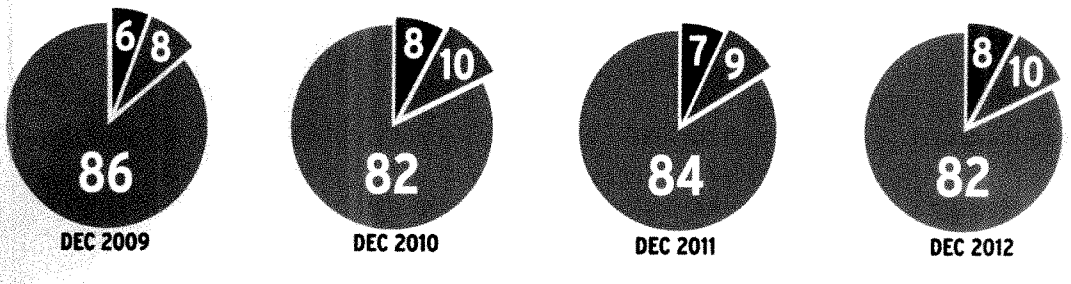


CALCUTTA UNIVERSITY CENTRAL LIBRARY

2 Rural India accounts for a minuscule share of the total credit disbursed by banks

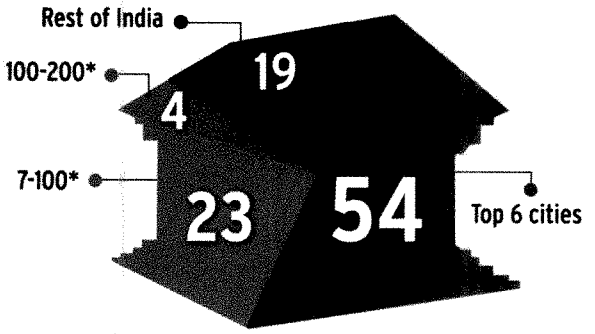
Urban Rural Semi Urban

Figures in per cent



3 Even in urban India, bank credit is largely disbursed in the metropolitan cities

Figures in per cent for Oct-Dec 2012



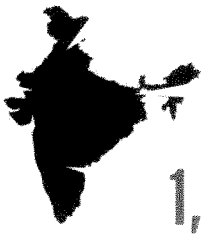
*Urban/semi urban centers ranked by amount of credit disbursed

4 South India does better than the rest of the country at financial inclusion. Its credit to deposit ratio in rural districts is higher than in the urban centres

Rural credit disbursed

98,365
Northern Region

50,983
Western Region

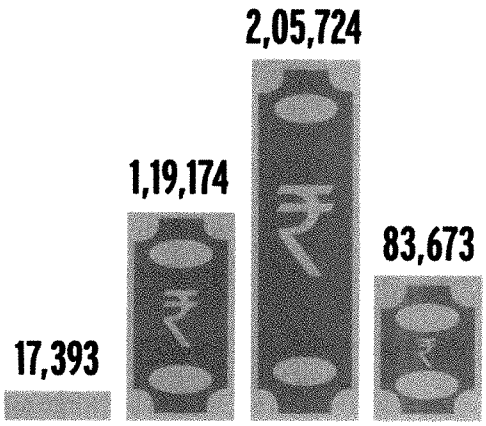


53,570
Eastern Region

1,41,066
Southern Region

Figures in ₹ crore until December 31, 2012

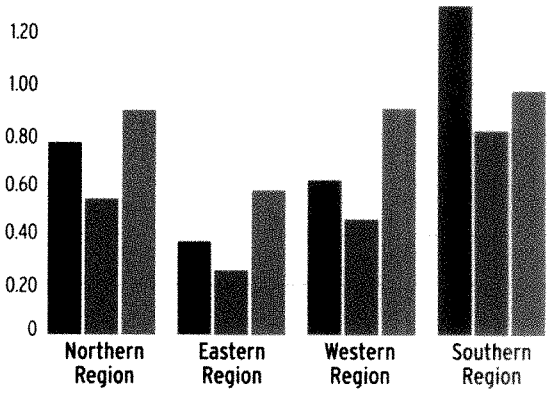
5 Private sector banks, in particular, are the laggards at providing credit to rural India



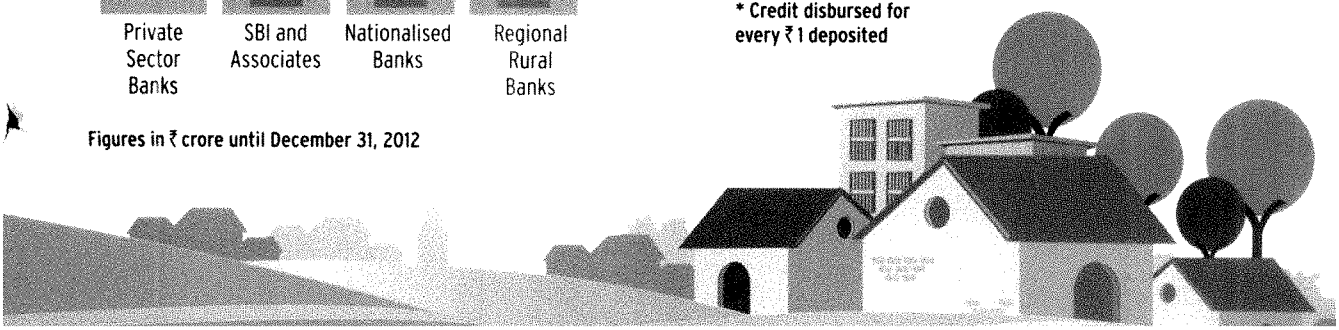
Figures in ₹ crore until December 31, 2012

Rural Credit-to-deposit Ratio*

Rural Semi Urban Urban



* Credit disbursed for every ₹ 1 deposited



Sound Idea

Research now shows that it is difficult to be creative not only in a place that is too loud, but also one that is too quiet. So a new website, Coffitivity.com, has begun offering "enough noise to work" by letting users stream the noise level of coffee-shop chatter and cup-clinking in their home or office. The demand for cafe sounds is highest in Seoul, followed by New York and London. Coffitivity is now preparing to release a mobile app.

Costly Comfort

Savoir Beds in Britain now makes the world's most expensive bed. The "Royal State", as it is called, takes around 700 hours to build and retails for a whopping $175,000 (£115,000). Company chief Alistair Hughes, however, does not feel it is too costly, claiming it is an "investment" which will last centuries, ultimately costing buyers no more than a few pounds a day.

Skewed Priorities

The 312-ft high equestrian statue of Shivaji in the middle of the Arabian Sea off the Mumbai shore will be built after all. So will the Babasaheb Ambedkar memorial at Mumbai's Shivaji Park. Many Mumbaikars are wondering why other pending projects such as the coastal road or the Metro II corridor never seem to take off. Is it because statues and memorials provide better political dividends?

HOW THINGS WORK

SANTOSH

In Cold Blood

The recent chargesheet filed by the Central Bureau of Investigation maintaining that Ishrat Jahan and three others had been killed in cold blood by the Gujarat police, has once again drawn attention to the persisting problem of fake encounters in India.

Terminology: Though extra-judicial killings occur in many countries, it is only in South Asia, and particularly India, that they have a unique name: fake encounters. These are killings carried out by state agencies – the army, para military forces and the police – of people who are either already in their custody or unarmed.

Extent: Amnesty International has claimed there were more than 1,000 fake encounters in India between 1993 and 2008. A Right to Information application filed with the National Human Rights Commission (NHRC) in 2008 revealed that 2,560 complaints of fake encounters had been brought before it since it was set up in October 1993. In 1,224 cases, NHRC's probes showed, the encounters were indeed faked.

Justification: Many defend fake encounters on the grounds that legal delays and the stringent nature of evidence required to secure convictions make it near-impossible to bring hardened criminals and terrorists to justice.

History: Fake encounters began in Uttar Pradesh and Madhya Pradesh in the 1960s with the police bumping off alleged dacoits. They have also been widespread in states hit by terrorism – West Bengal, Andhra Pradesh and Kerala in the 1970s, which were affected by the Naxalite uprising, and Punjab, Kashmir, Assam and Manipur in the 1980s and 1990s, which saw violent separatist movements. A spate of encounters in Mumbai in the 1990s and 2000s is said to have largely crushed organised crime there.

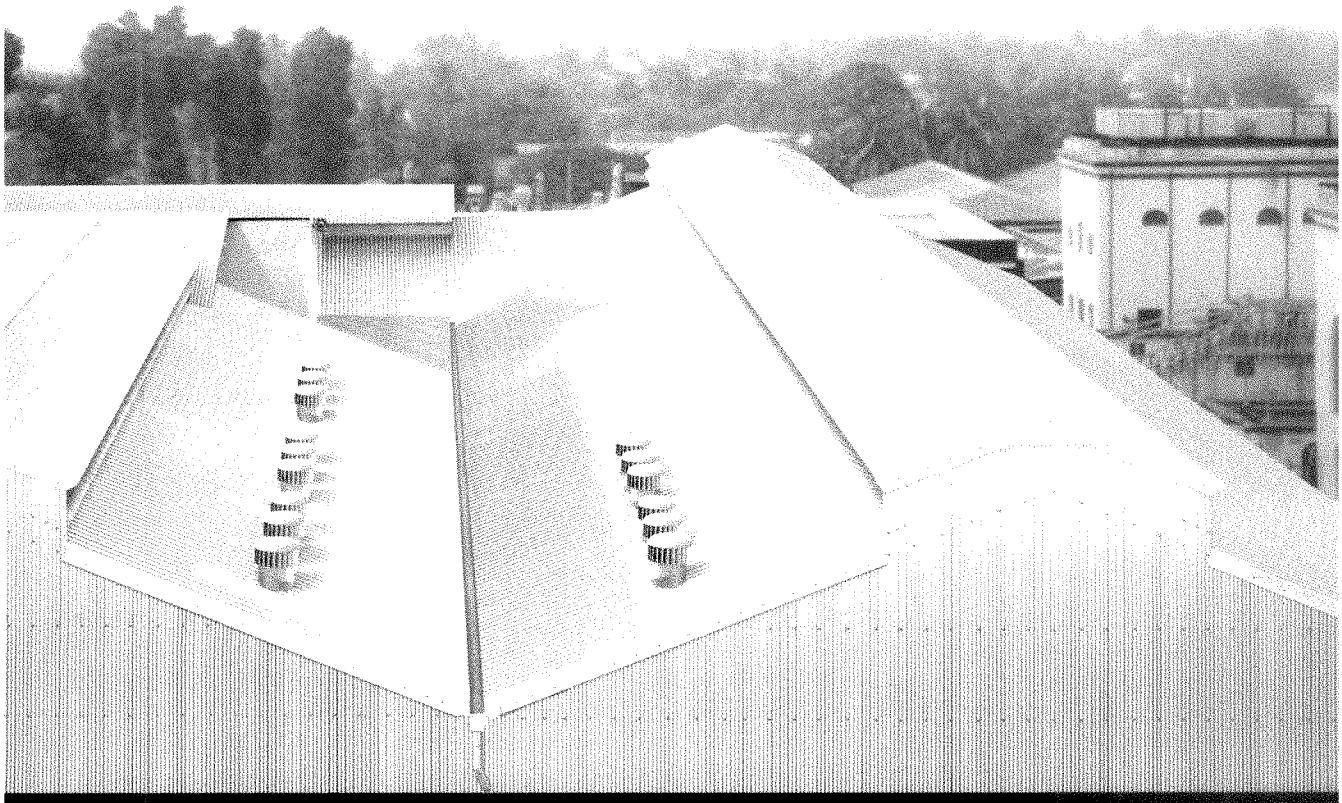
Judicial view: The Supreme Court has ruled that fake encounters should be classified among the 'rarest of rare' cases for which the death penalty is applicable.

COMPILED BY BASUDHA DAS

ADITYA BIRLA
HINDALCO

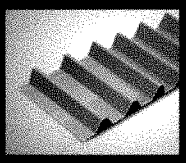
Recurring maintenance costs? Or a 100% maintenance-free roof?

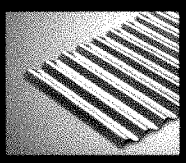
The choice is simple.



Everlast Aluminium Roofing Sheets with **zero maintenance** for a lifetime.

Everlast is a quality product from Hindalco – the world's largest manufacturer of aluminium rolled products. Everlast is made from high-quality virgin aluminium alloys which do not rust, need no maintenance and last a lifetime. Everlast's superior thermal properties moderate the temperature under the roof by keeping it cooler in summers, and warmer in winters. This saves energy and provides a comfortable work environment, which improves productivity. What's more, Everlast offers an end-of-life resale value of up to 60%.





IDEAL ROOFING AND CLADDING SHEETS FOR:

- Industries
- Warehouses
- Farms
- Railways
- Plantations
- Buildings

Protection for a lifetime.

GREEN METAL

ENDLESSLY

Available in a variety of colours.

For more information, please **call: 1800-103-9494**

HINDALCO
Everlast
Aluminium Roofing & Structurals

IMAGING: ANAND SINHA

Flying in the Face of Discontent

Despite brickbats, the government cannot afford to scrap the Jet-Etihad deal. By K.R. BALASUBRAMANYAM and MANISHA SINGHAL

When Etihad Airways announced in April it was picking up a stake in Jet Airways, it seemed like the long-delayed deal was finally ready to be signed, sealed and delivered. But nearly three months later, the agreement has run into controversy again and the big question everybody is asking is: will Jet manage to cross all hurdles and get the $379-million investment the United Arab Emirates' (UAE) airline has offered for a 24 per cent equity stake?

Most market observers expect the deal to go through despite a torrent of objections. The agreement hit a snag after the Foreign Investment Promotion Board (FIPB) and stock market regulator SEBI raised questions about ownership and effective control of the Indian airline passing into foreign hands. Media reports say Etihad plans to control Jet through a clutch of management committees populated by its nominees and shift Jet's offices as well as many back-end activities to Abu Dhabi. Etihad Airways declined comment on the issue: "We are engaged in the regulatory process and it would therefore be inappropriate for us to comment."

"Bilaterals are between two governments. There are repercussions of changing them unilaterally."

Ajit Singh,
Minister of Civil Aviation

But Jet sources say they are working with the investment board to address these concerns. A senior lawyer privy to the Jet-Etihad transaction says the clauses proposing to confer certain rights to Etihad are aimed more at protecting the UAE airline's investments in Jet rather than wresting management control from Indian hands. He adds the regulators and authorities can vet the deal to ensure it is in line with foreign equity cap rules.

Experts say the deal is unlikely to be

EY Entrepreneur Of The Year™
2013 India

15 years
15 years of recognising excellence

innovative game changers

Seeking the most exceptional entrepreneurs, who have created bold new paths for growth and opportunity with their visionary ideas and breakthrough innovation.

Is that you or sounds like someone you know?

Act now!
Nominations close on 31 July 2013

www.ey.com/in/eoy
Write to eoy.2013@in.ey.com or call +91 124 464 4088

Follow us on @EY_India

Founded and produced by
EY
Building a better working world

© 2013 Ernst & Young LLP. All Rights Reserved.

derailed by allegations that the government hurriedly approved a bilateral traffic rights deal with Abu Dhabi as a quid pro quo for the investment in Jet. A few Opposition members have questioned the manner in which the Civil Aviation Ministry agreed to hand over nearly 37,000 additional seats per week over the next three years to the UAE just hours before the airlines signed the deal.

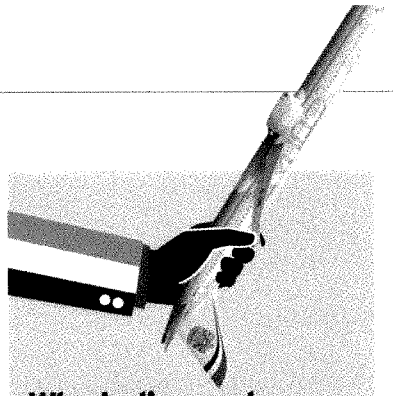
Ramesh Vaidyanathan, partner at Mumbai-based law firm Advaya Legal, says the deal document does not say the equity investment by Etihad hinges on the grant of additional bilateral seats. "It is a share purchase agreement between two private parties. But if the deal collapses on the issue of the bilateral, then the government will stand exposed," he says. Another lawyer who handled the Jet-Etihad transaction agrees. "In addition, the government can examine the security angle too. But the deal meets all these parameters," he says.

The latest events, including a move by the Prime Minister's Office to put all official proceedings on the bilateral agreement in the public domain, may delay approval, but will not block the deal, say government officials with direct knowledge of the matter. The government will not scrap the deal because it will make a poor impression on foreign investors. That is the last thing India wants after the UAE's Etisalat Group shut its India operations last year after being stripped of its telecom licence. The UAE operator had invested $900 million for a 45 per cent stake in Swan Telecom. Etisalat has ruled out returning to India to do business.

Minister of Civil Aviation Ajit Singh is also confident about the deal. Singh successfully got government policy amended last September to clear the way for foreign airlines to invest up to 49 per cent in Indian carriers. He is also seen as the man who facilitated the Jet-Etihad deal as a precursor to possible investments from Abu Dhabi. India cannot afford to let the deal fall through. The UAE is New Delhi's largest trading partner: bilateral trade between the two countries stood at $74.4 billion in 2012/13. Singh said there was no question of his ministry going back on the bilateral pact it had sealed with its counterpart in the UAE. "Bilaterals are between two governments. There are repercussions of changing them unilaterally," he told *Business Today*.

Executives who were part of the transaction say the UAE national carrier is taking a calculated commercial risk by offering to invest in Jet. According to Shriram Subramanian, Managing Director of proxy advisory firm InGovern Research Services, investors are keenly watching the Jet-Etihad deal. "The government should not kill the transaction in India's larger economic interest, but must enhance its transparency and ensure it is fair to minority shareholders," he says.

An independent aviation analyst says both the airlines have worked for several months to make the terms acceptable to both sides, and so are unlikely to let it fail now. Etihad's investment is the first deal after India opened its aviation sector to direct investment by foreign airlines. Jet Chairman Naresh Goyal just cannot afford to let go of the opportunity. Jet has not reported a profit in the last six years, and is sitting on a debt of about ₹13,000 crore. And if Etihad's money does not reach Jet, it might just go belly up like Kingfisher Airlines. ◆

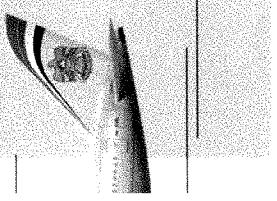


Why India needs Etihad ...

- Etihad's investment is the **first deal after India opened its airline sector** to direct investment by foreign airlines
- India **needs foreign investment** to help pay for imports
- Other **potential deals hinge on the outcome** of the Jet-Etihad pact
- India's underused **airports need foreign carriers** to improve earnings

... and what happens if the deal falls through

- It will **hurt India's relationship** with its largest trading partner, the **UAE**
- It will make a **poor impression on foreign investors**
- Jet Airways **may sink** under the weight of its losses
- It may put **pressure on banks** to lend more to airlines



Send your comments to editor.bt@intoday.com

Now, enterprise-wide energy efficiency is at your fingertips

StruxureWare software delivers enhanced visibility for fast, informed decision-making

You can't manage what you can't see. To optimize business performance and conserve enterprise resources, you need an efficiency and sustainability strategy driven by powerful, intelligent software that is integrated and engineered to work together. StruxureWare™ software applications and suites from Schneider Electric™ are the answer.

The right information to the right user at the right time

Open, scalable, and easily integrated with third-party and legacy systems, StruxureWare software is a unique platform of applications and suites that gives you visibility into energy and other resource use across your organization. Control rising energy costs; meet reporting obligations; keep stakeholders informed and engaged. No matter what your challenge, you'll get customized, actionable information that eliminates departmental silos and conflict. And, when you deploy StruxureWare software within EcoStruxure™ integrated system architecture, you can realize significant savings on capital and operational expenses.

A global leader in efficiency and sustainability

Ranked 13th on the Global 100 Most Sustainable Companies, Schneider Electric has the solutions and expertise you need to maximize efficiency and minimize environmental impact. Independent analyst firm Verdantix named Schneider Electric a 'Leader' in energy management software, citing a compelling market vision, robust capabilities, and best-in-class partner network that 'set the bar high'.

StruxureWare

Five critical ways StruxureWare software helps you from shop floor to top floor

- **Access data instantly:** Get the information you need, when and where you need it, presented in a form that meets your requirements.
- **Share information confidently:** Provide accurate, timely information across and outside your organization.
- **Create actionable reports:** Develop critical reporting tools, empowering your enterprise to take action.
- **Make informed decisions:** Work from one, integrated, real-time version of the truth, eliminating guesswork in decision-making.
- **Operate more efficiently:** Identify ways to save energy, enabling efficiency and process improvements.

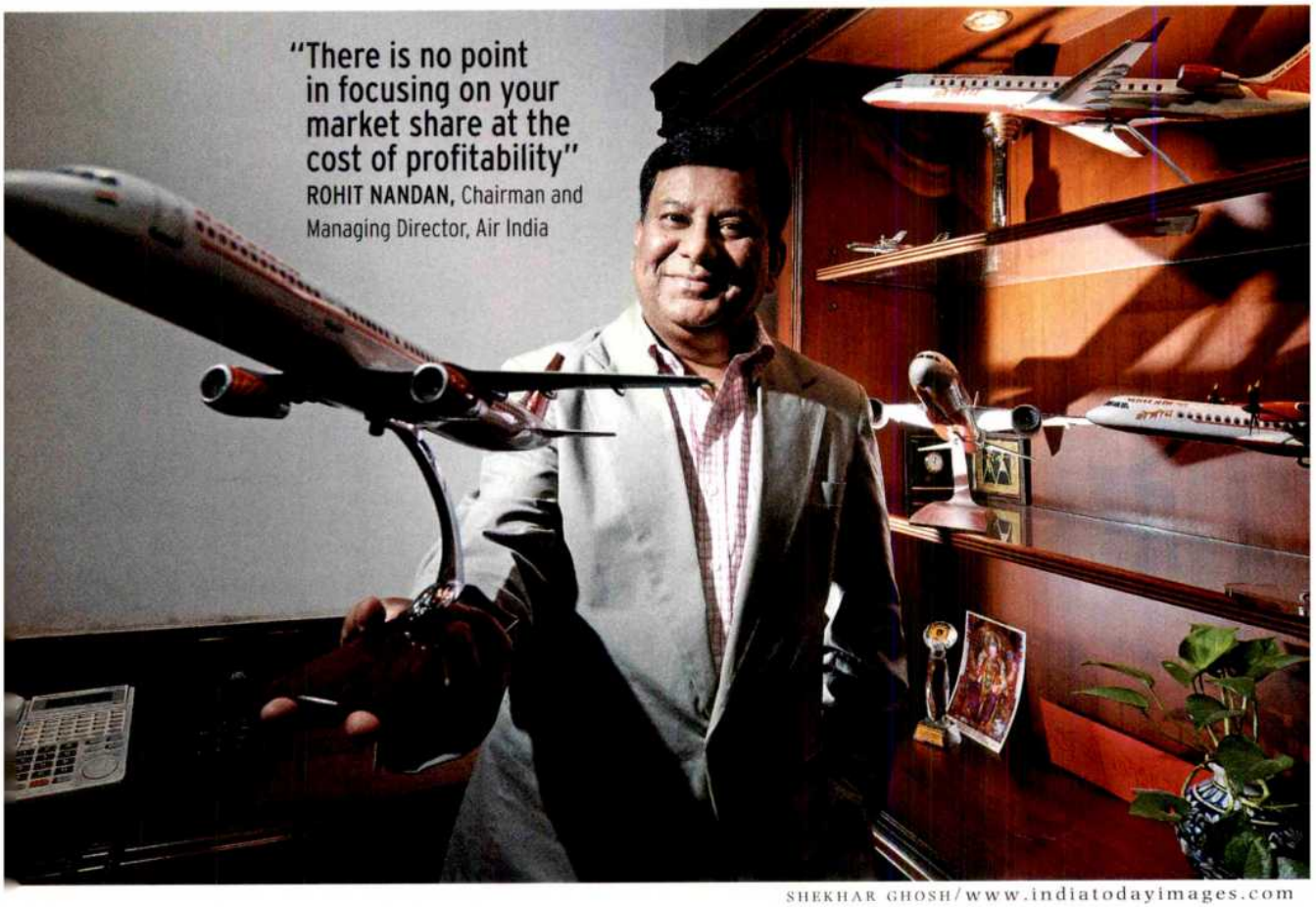
Where are you on the road to sustainability?

Find out when you download 'From theory to reality: 3 steps to implementing a sustainability programme'. Plus, enter to win an iPad mini!

Visit www.SEreply.com Key Code 50018y

Schneider Electric

©2013 Schneider Electric. All Rights Reserved. Schneider Electric and StruxureWare are trademarks owned by Schneider Electric Industries SAS or its affiliated companies. All trademarks are the



SHEKHAR GHOSH/www.indiatodayimages.com

Back on the Runway

Air India's recent performance offers hope of a comeback for the beleaguered carrier.

By K.R. BALASUBRAMANYAM and MAHESH NAYAK

Two years ago, a section of Air India pilots went on a 10-day strike demanding better pay. The strike forced the national carrier to cancel dozens of flights, suffering a loss of revenue and market share. To regain market share, the loss-making airline slashed fares. That proved disastrous. "It played havoc with our finances," says Chairman and Managing Director Rohit Nandan, who took over at the airline in August 2011. "After I came, I decided no more low fares. There is no point in focusing on your market share at the cost of profitability."

The dogged pursuit of profits by the 1982-batch IAS officer from the Uttar Pradesh cadre has started showing results. The carrier posted earnings before tax, interest, depreciation and amortisation (EBITDA) of ₹19 crore in 2012/13. The achievement is significant, considering that the airline has been making losses for the past seven years. Air India's operational parameters have improved as well. Its flights, for instance, stick to their schedules more often than before. Air India's on-time performance improved to 82 per cent in May this year from 80 per cent a year earlier, according to data from

For previous stories on Air India , go to
www.businesstoday.in/august-0413

industry regulator Directorate General of Civil Aviation. And its local market share leapt to 19.1 per cent in May from 16.2 per cent a year earlier, the data show.

The airline's current avatar is a result of the merger of state-run carrier Indian Airlines with Air India in 2007. Both airlines posted profits in 2005/06. But rising competition, worsening operational performance, massive aircraft purchases, and the ill-conceived merger pushed the combined airline deep into the red. Total losses have accumulated to almost ₹20,000 crore while the debt burden is at a staggering ₹43,000 crore. The precarious financial situation forced the government to announce a bailout package in April 2012. The turnaround plan entails an equity infusion of more than ₹30,000 crore into the airline by 2020 if it meets certain milestones.

So far, say Air India executives, the airline is meeting the milestones. The carrier aims to become cash positive, or make a profit after excluding depreciation costs, by 2016/17. Joint Managing Director Syed Nasir Ali says the target is to make a net profit by 2019/20. "But with the pace with which we are moving, I would not be surprised if we become profitable much before."

Industry observers agree that the airline is on the right track. Mahantesh Sabarad, aviation analyst at Fortune Equity Brokers, says the airline looks poised for growth. "Financially speaking, the company is being well managed of late. Operationally, of course, it will have challenges in terms of competition, but it can still do well."

How are Nandan and his team managing this turnaround? One of the first things Nandan did after coming to the airline was to stop taking on fresh loans from banks and manage from internal resources. "When I took over we had an unsecured loan of about ₹22,000 crore. The borrowing was reckless," he says.

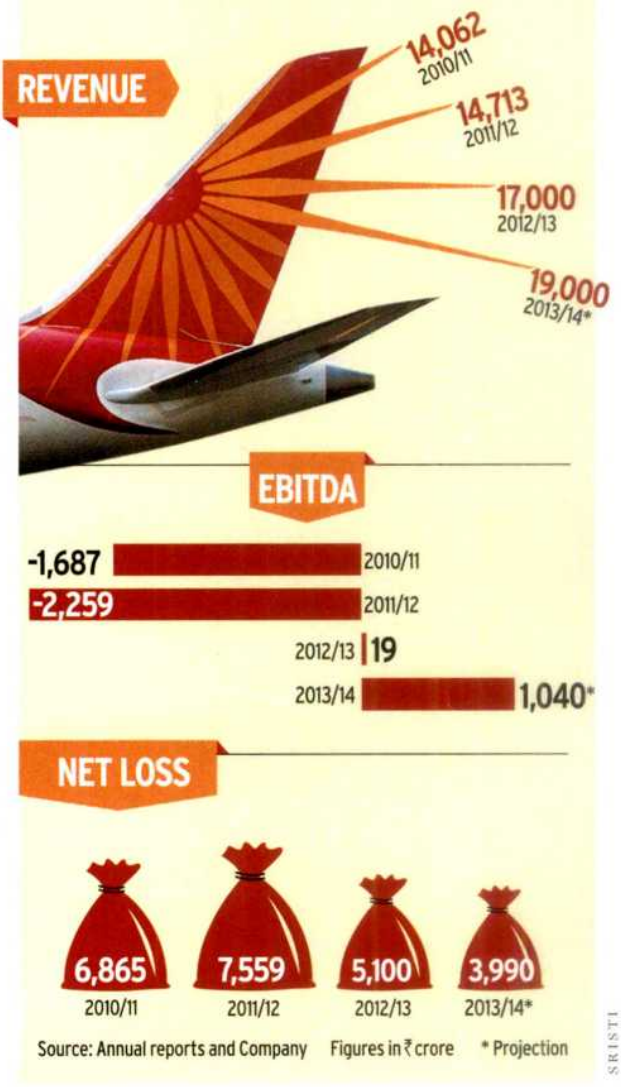
The next priority was boosting staff morale. Employee morale was low mainly due to the airline's uncertain future and disparities in wages of employees of the erstwhile Indian Airlines and Air India. There also was a lack of communication between management and employees. The situation has improved since then. The time lag in getting salaries has come down to less than a month from six months earlier. "In the past, every year there were at least two strikes. The employees were not sure whether they would get their next month's salary," says Civil Aviation Minister Ajit Singh. "There are no such concerns now."

The airline is also improving fuel efficiency and maximising revenue generation from aircraft. "We will turn Air India into a hybrid service," says Singh. "While some flights will have all economy seats, others will have two classes." The airline has introduced all economy seats in 14 Airbus A320 aircraft for flights that take less than one hour. It is looking to lease 19 more A320 jets with all economy seats. The carrier also has 48 narrow-body aircraft with both executive and economy classes.

Nandan says Air India has 19 planes that are more than 20 years old on average. These jets guzzle a lot of fuel and will be replaced with new fuel-efficient aircraft that will have 180 all-economy seats to earn more revenue, he says. The airline is also inducting more Boeing 787 Dreamliners. These jets, says Joint Managing Director Ali, are 25 per cent more fuel efficient than aircraft of the Boeing 777 family, which accounts for 60 per cent of the airline's long-haul fleet. Air India, which had grounded its Dreamliners for about four months until mid-May after reports of a battery malfunction, has ordered 27 such jets. It currently has six Dreamliners and will get eight more

ROAD TO RECOVERY

Air India's revenue is rising steadily. It is EBITDA positive and its net loss is shrinking as well



Source: Annual reports and Company Figures in ₹ crore * Projection

SRISTI

For Air India CMD Rohit Nandan's interview, go to www.businesstoday.in/airindia-nandan

EARN MORE, SPEND LESS

How Air India aims to curb costs and boost cash flow to regain profitability

- Aims to save ₹300 crore a year on interest payment
- Expects wage bill to fall from ₹3,500 crore to ₹2,500 crore
- Wages to fall to 14% of revenue in 2013/14 from 25% in 2012/13
- Aims to get ₹500 cr a year for 10 years by selling real estate assets
- Aims to be cash positive by 2016/17 and earn net profit by 2019/20

by December. The new aircraft will help it wipe out losses in the Europe sector and fly to more international destinations. Air India flies to 33 cities overseas and plans to connect Birmingham, Melbourne, Sydney, Milan, Rome and Moscow this fiscal year.

Another important reason for Air India coming out of turbulence is falling staff costs. Its wage expenses dropped about seven per cent in 2012/13 to ₹3,323 crore. Finance Director S. Venkat says wages accounted for a quarter of revenue in 2012/13, down two percentage points from the previous year. The ratio would drop to 14 per cent from 2013/14. The airline is getting leaner – almost 7,000 employees will retire over the next five years. It has about 24,000 employees now. This includes staff at its ground handling and engineering services businesses, which have been hived off into separate companies. The hive-off of Air India Air Traffic Services Ltd, its ground handling business, and Air India Engineering Services Ltd will cut costs by ₹1,000 crore a year. This has also led to a fall in the number of employees per aircraft, a measure of operational efficiency, to 100 from about 220 previously, which was nearly double the number at some local rivals.

The airline is implementing several other measures to curb expenses, as suggested by a committee led by Ravindra H. Dholakia, a professor at the Indian Institute of Management, Ahmedabad. The steps, announced in May, include restructuring or withdrawing loss-making flights, selling or leasing out underused assets such as land and buildings, and stopping excessive allowances to pilots and crew members. Air India expects to save ₹1,000 crore this year by implementing these measures. The carrier had also appointed global consultant DTZ to raise money from its real-estate assets. The target is to get ₹5,000 crore from leasing and selling off its assets in the next 10 years.

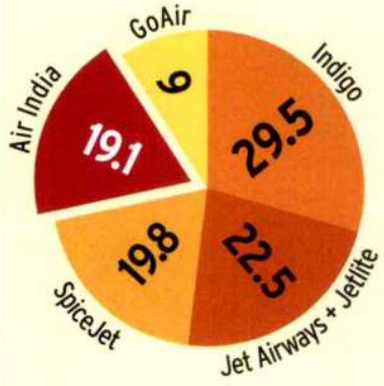
Air India is also managing its units better than before. Its helicopter subsidiary, Pawan Hans Ltd, posted a net profit of ₹7.7 crore in 2012/13 compared with a net loss of ₹10.35 crore in the previous year. Air India Charters, which runs low-cost carrier Air India Express, will likely make a cash profit this fiscal year. Air India executives say the ground handling business will make EBITDA profit in the current fiscal year, while the engineering arm will take another two years.

What could jeopardise Air India's return to profitability, however, is any further discontent among employees. Increasing competition poses a big threat, too. Malaysian low-cost carrier AirAsia is set to launch an airline in India in a venture with the Tata group. And Jet Airways, Air India's main full-service local rival, is looking to expand after selling a stake to Etihad Airways, the deep-pocketed flag carrier of the United Arab Emirates.

The competition will intensify if the government raises the limit of foreign direct investment in local airlines from the current 49 per cent. Amber Dubey, head of aerospace and defence at consulting and accounting firm KPMG India, says the government should privatise Air India. "The preferred way could be offering a 74 per cent or 100 per cent stake to strategic investors, including foreign airlines, and not divestment to government-controlled financial institutions," he says. While that seems unlikely in the near future, the worst seems to be over for the airline. ◆

A LONG WAY TO GO

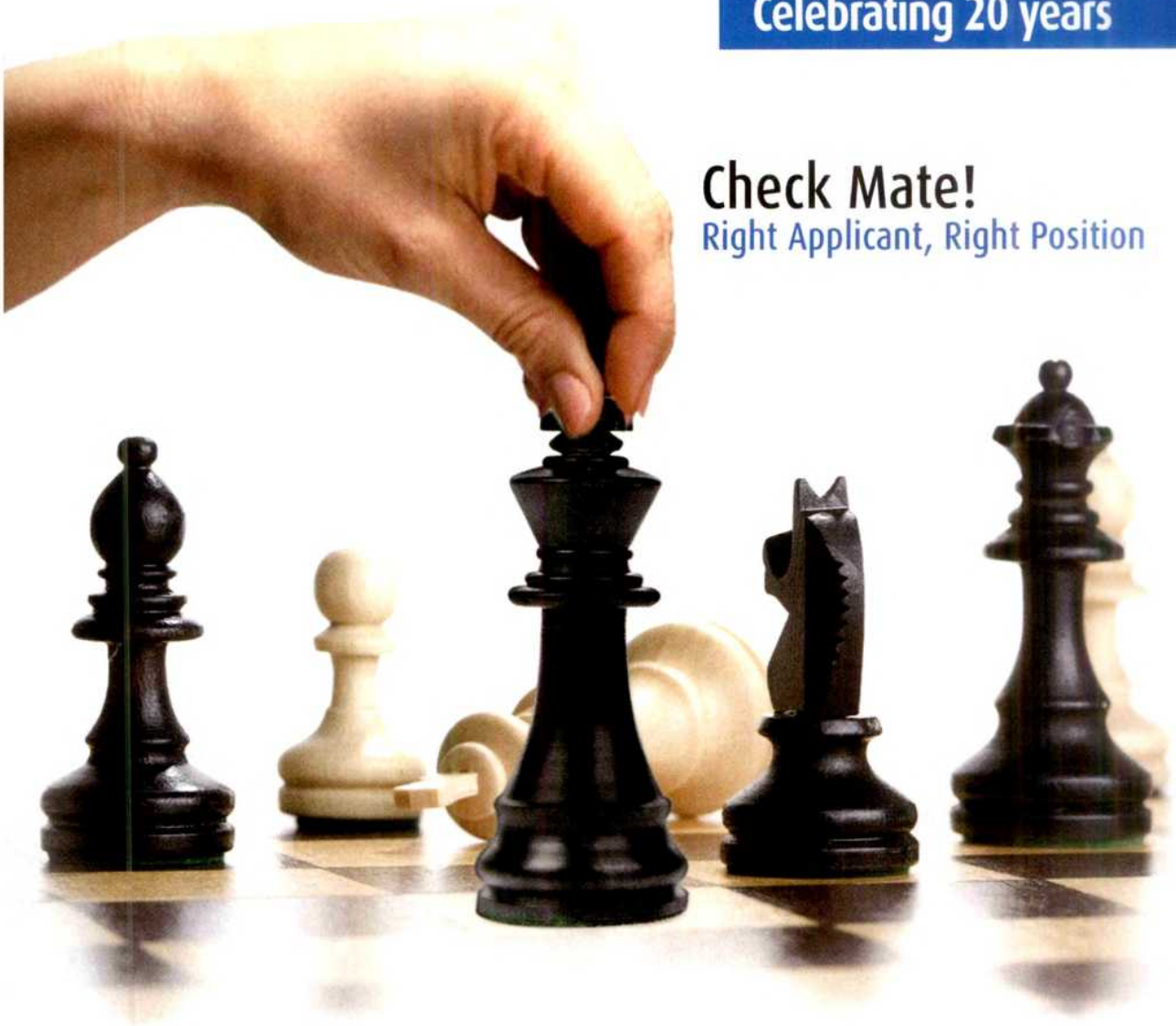
Air India's market share is smaller than all but one of its competitors



Market share in per cent; figures for May 2013. Air India's market share was 16.2% in May 2012
Source: DGCA

Send your comments to editor.bt@intoday.com

Celebrating 20 years



Check Mate!

Right Applicant, Right Position

We plan to source and recruit 32,000 associates during the financial year 2013 - 14

STOP WORRYING, START CELEBRATING

Temporary Staffing | Recruitments & RPO
Payroll Processing | Statutory Compliance Management
Background Check & Verification

Your company's growth is our main focus. Genius, HR Solutions endeavors to bring success to all leading organizations for the last 20 years. Not only a recruitment record of 24,075 associates during the financial year 2012-13, but maintaining a thorough background check of all candidates and managing the entire payroll system of large corporate houses, ensures your company's smooth flow. Belief and determination to excel has made us spread offices country wide. Switch us on and relax will make you perform just fine.

Genius

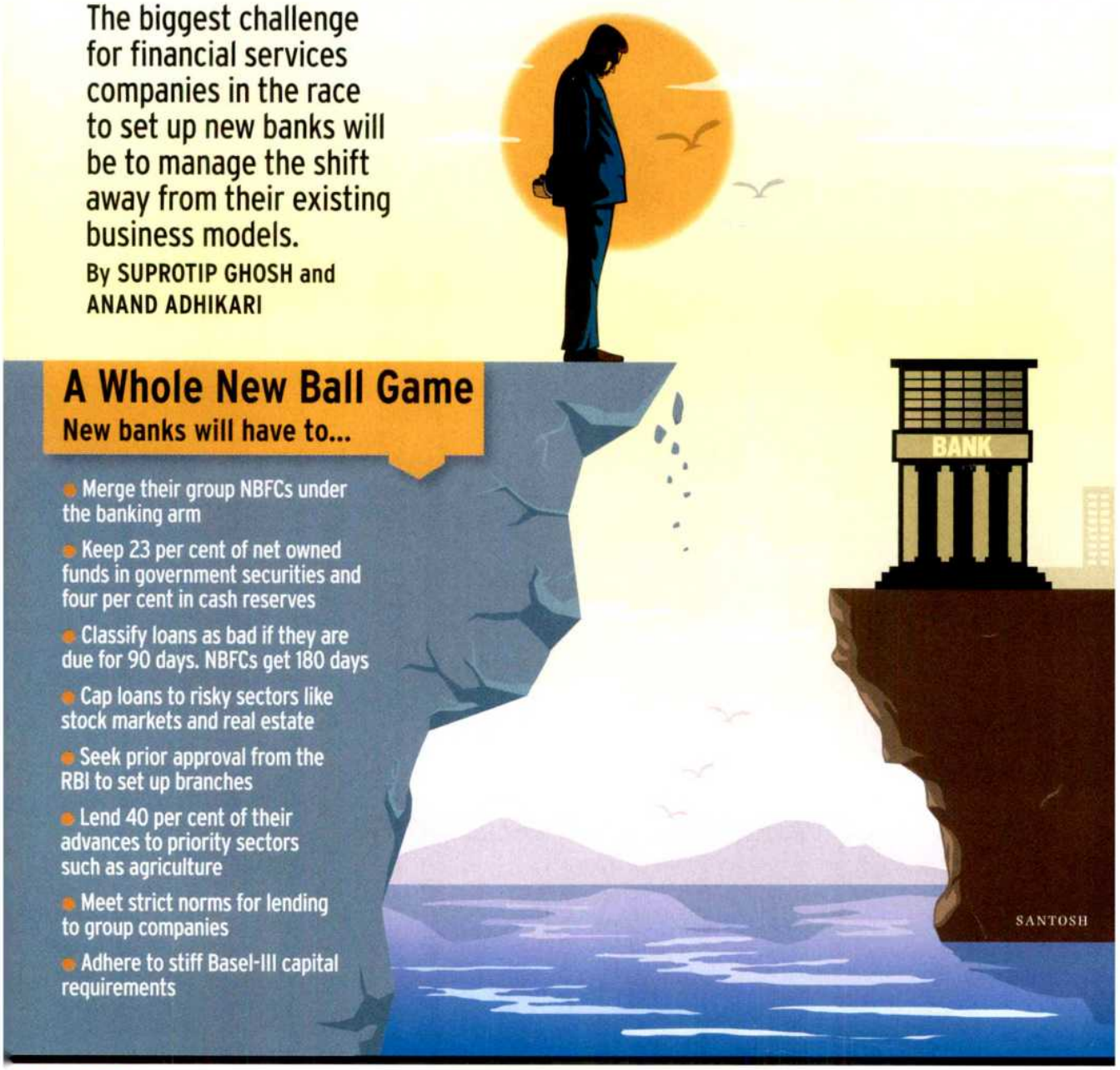
35,000 Outsourced Associates | Over 1 Lac Employment | 17 Offices
45,000 Backgroud Checks | Own PF Trust | Complete Online Management

E: enquiry@geniusconsultant.com | W: www.geniusconsultant.com

Transition Trauma

The biggest challenge for financial services companies in the race to set up new banks will be to manage the shift away from their existing business models.

By SUPROTIP GHOSH and ANAND ADHIKARI



A Whole New Ball Game

New banks will have to...

- Merge their group NBFCs under the banking arm
- Keep 23 per cent of net owned funds in government securities and four per cent in cash reserves
- Classify loans as bad if they are due for 90 days. NBFCs get 180 days
- Cap loans to risky sectors like stock markets and real estate
- Seek prior approval from the RBI to set up branches
- Lend 40 per cent of their advances to priority sectors such as agriculture
- Meet strict norms for lending to group companies
- Adhere to stiff Basel-III capital requirements

When Centurion Bank of Punjab merged into HDFC Bank in February 2008, it took the banking industry by surprise. After all, Centurion Bank had itself acquired two private-sector lenders in the previous three years. So, why did Centurion Bank agreed to be bought by a rival? "Banking is a business of big boys," says Francis D'Costa, who was Centurion Bank's country head for corporate banking until December 2005. The veteran banker certainly knows a thing or two about the big boys of Indian banking. He worked with the biggest boy – State Bank of India –for 20 years and joined Centurion Bank in the mid-1990s

26 Banking Aspirants

CORPORATE HOUSES
- Tata Sons
- Aditya Birla Nuvo
- Value Industries (Videocon)

MICROFINANCE INSTITUTIONS
- Bandhan Financial Services
- Janalakshmi Financial Services

GOVERNMENT ENTERPRISES
- Department of Posts
- IFCI
- Tourism Finance Corporation

MONEY TRANSFEROR
- UAE Exchange & Financial Services

GOLD LOAN COMPANY
- Muthoot Finance

INFRASTRUCTURE FINANCIER
- IDFC
- SREI Infrastructure Finance

HOUSING FINANCE COMPANIES
- LIC Housing Finance
- Indiabulls Housing Finance

DIVERSIFIED FINANCE COMPANIES
- L&T Finance Holdings
- Religare Enterprises
- Shriram Capital
- Bajaj Finserv
- Reliance Capital
- JM Financial
- Edelweiss Financial Services
- India Infoline
- Magma Fincorp

OTHERS
- INMACS Management Services
- Smart Global Ventures
- Suryamani Financing Company

Categorisation based on banking applications

in search of better career prospects.

Facts support D'Costa's opinion. The Reserve Bank of India (RBI) has given licences to 12 private-sector banks since 1994 in two phases. Only seven survive now. The top three survivors – HDFC Bank, ICICI Bank and Axis Bank – had strong parentage. HDFC Bank was backed by mortgage lender Housing Development Finance Corp., ICICI Bank was promoted by Industrial Credit and Investment Corporation of India, and Axis Bank by Unit Trust of India. "They had the support of gigantic institutions," says Romesh Sobti, Managing Director and CEO of IndusInd Bank, which got a banking licence in 1994 and was founded by the London-based Hinduja brothers.

Size is one of the many challenges that companies aspiring to get bank licences will face. They will also have to gain public trust and establish a strong brand identity amid stiff competition from established private-sector players as well as state-run lenders. More importantly, the hopefuls will have to adapt to a tightly regulated sector where the business model is vastly different from the other financial services they have been offering until now.

The RBI has received 26 applications from a motley group ranging from some of the country's biggest business houses to little-known players such as Smart Global Ventures. The RBI hasn't said how many licences it plans to grant, but banking sector observers say it may allow four to five new banks. The government and the RBI hope that the new lenders will reach small towns and villages where nearly half of the country's population has no access to banking services.

Why are these companies looking to enter the banking sector? "Banking is a natural progression for us," says Shachindra Nath, Group CEO at Religare Enterprises. Religare, a financial services company which is part of the business group owned by brothers Malvinder and Shivinder Singh, is one of the 26 applicants. Y. Sudhir Kumar Shetty, Chief Operating Officer for global operations at UAE Exchange & Financial Services, agrees. "We already have relationships with millions of customers," he says. Kerala-based UAE Exchange runs a remittances and foreign exchange sales business.

Still, some are skeptical. A banker with a state-run lender says the seven new private-sector banks have a mere 13.3 per cent share of total deposits. "This is hardly an achievement after almost two decades of presence," he says. The counter-argument – State Bank of India was set up in 1955 and traces its origin to the first decade of the 19th century.

The RBI's strict rules (see *http://goo.gl/r64az*) for new banks could also pose a problem. It requires them to have a minimum equity capital of ₹500 crore. They cannot have more than 49 per cent foreign ownership for the first five years. They must open a quarter of their branches in rural areas, and lend to farmers and poor people. They must also invest 23 per cent of their deposits in government securities and set aside another four per cent in cash reserves.

Most banking aspirants operate as non-banking finance companies, which do not have to follow such stiff rules. These restrictions have already deterred some companies. One of them is Mahindra & Mahindra Financial Services, which decided to not apply for a bank licence at the eleventh hour. This NBFC has historically stayed away from cities to focus on villages and has grown over the past 22 years. "NBFCs are already doing a good job," says Sanjay Nayar, CEO of private-equity firm KKR India.

New banks also cannot merge or acquire assets at will. Any businesses

For Bandhan CMD Chandra Shekhar Ghosh's interview, go to www.businesstoday.in/banklicences-bandhan

"What India needs are big banks which have bigger balance sheets so that they can lend more"

Sanjay Nayar, CEO, KKR India

that can also be done by banks will have to be merged with the new bank. Chennai-based Shriram Capital, for instance, is a holding company with assets of ₹50,000 crore and runs separate units for vehicle loans and consumer loans. It also offers loans against gold and personal loans, besides providing wealth management services and distributing financial products. The business model and profitability of these units is vastly different. Umesh Revankar, Managing Director at Shriram Transport Finance, says it's not certain if the company would be asked to merge its units.

Some NBFCs may well take advantage of their legacies while diversifying into banking. For instance, vehicle loans comprise the largest chunk of IndusInd Bank's retail portfolio as it had merged Hinduja group company Ashok Leyland Finance with it in 2004. IndusInd Chief Operating Officer Paul Abraham says new players will initially play on their strengths and then move into other areas. "Our expertise and domain knowledge was in commercial vehicle finance. That was a legacy, but I'm also very good at it. So why should I leave it," he says.

But it cuts both ways. Many banking aspirants have strengths in a single product line, and may take years to have a balanced product mix. The 25-year-old Tourism Finance Corporation is focused on financing the tourism industry. UAE Exchange has been in the business of remittances for more than three decades. IDFC is an infrastructure finance company set up in 1997. Bandhan Financial and Janalakshmi Financial are microlenders. LIC Housing offers only home loans while Muthoot offers loans against gold as collateral.

Many companies may also find it difficult to meet the RBI's financial inclusion agenda. Infrastructure lenders IDFC and Srei Infrastructure Finance are not very retail-oriented. Some, such as Bandhan and Shriram Capital, will have an edge here. "Our customer segment is totally different," says Bandhan Chairman and Managing Director Chandra Shekhar Ghosh. "There is no chance of competition with the existing state-run or private banks." Bandhan has 75 per cent of its branches in rural areas.

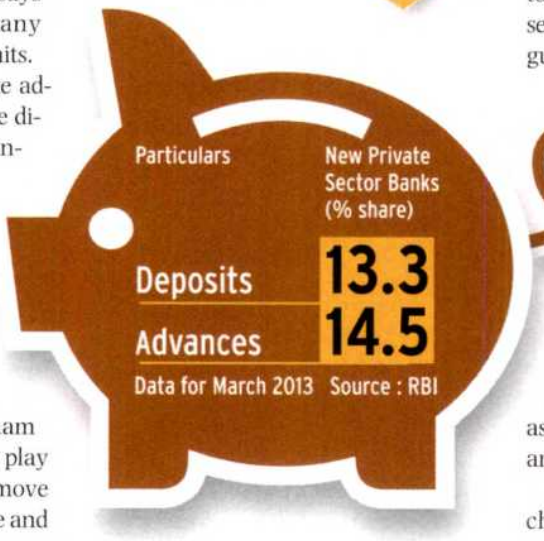
Ghosh also says microlenders such as Bandhan are different from NBFCs, which have a bigger loan book but fewer clients. "In microfinance, we have a small amount of money but a very large client base," he adds.

Both microlenders and standalone NBFCs may find it challenging to compete with big industrial groups such as the Tatas and Birlas when it comes to retail banking. Monish Shah, Senior Director at consulting and accounting firm Deloitte India, says retail banking is the way forward to expand and drive financial inclusion. But it needs a lot of money to set up branches, hire people and sell a range of products. "It's a capital guzzler," says a private-sector banker. IndusInd's Sobti says the brand of a strong parent helps in raising retail deposits, especially low-cost savings and current deposits which are the bread and butter of banks. Some others argue that banks backed by corporate houses haven't performed well in the past as banking is not their core activity and tends to get less attention.

Amid all the discussion on the challenges new banks will face in coming years, one important issue has skipped attention. India already has close to 90 commercial banks including state-run, private-sector and foreign lenders. The country also has thousands of rural and cooperative banks. Does it really need more banks? No, says KKR's Nayar. "What India needs are big banks which have bigger balance sheets so that they can lend more," he says. That's a point to ponder. ◆

(ADDITIONAL REPORTING BY MAHESH NAYAK)

Modest share: Private-sector banks have a small slice of total loans and deposits



Send your comments to editor.bt@intoday.com

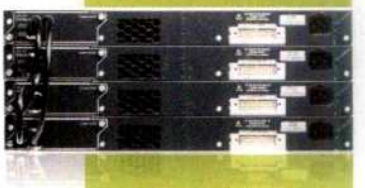
REDINGTON

cisco Distribution Partner

Enhance business productivity and reduce total cost of ownership

with the best-of-breed Cisco Catalyst 2960-X Series Switches.

Cisco Catalyst 2960-X Series Switches



Available at **Rs.60, 000/-** onwards

Cisco Catalyst 2960-X Series Switches are scalable, smart, simple, secure, and are purpose-built to deliver cost-effective network access.

Key features:

Scalable & Smart

- Stacks up to 8 members
- Stacking is backward compatible with 2960-S and 2960-SF
- Consumes 27% less power than the competition's product
- Hibernation modes can be programmed based on time of day for additional switch power savings

Simple & Secure

- Smart Install automatically downloads and configures software
- Auto Smartports automatically lower operational expense configures port based on device type
- Cisco Identity Services Engine (ISE) with SGT Exchange Protocol (SXP) allows precise access control based on role, device, location, etc.
- IPv6 ready certified; first-hop security protects against IPv6 address theft and malicious attacks

Empower your business with the enterprise-class Cisco Catalyst 2960-X Series Switches.

To avail similar offers on Cisco Catalyst Switches, visit: **http://imspl.net/ciscolead/redington/**

For more details, please call: Mumbai: 022-66765551 | **New Delhi:** 011-41750158 | **Bangalore:** 080-41265177

Path to Profitability

Uninor, which lost some 10 million subscribers from January to March, is close to breaking even. How did it achieve this? By SUNNY SEN

SHEKHAR GHOSH/www.indiatodayimages.com

The overcast sky fails to dampen Yogesh Malik's good spirits. Indeed, the 40-year old chief executive of Uninor is relieved to see rain clouds after a 45-degree day. He is in Moradabad, Uttar Pradesh, a town of 600,000 people, on a tour to see how brand Uninor is faring in various markets. He has two stops left to make in the next two days – Rudrapur and Haldwani. It is raining in Rudrapur, a 90-minute drive from Moradabad, and the temperature there has dropped sharply, according to reports. All the better for Malik to meet shopkeepers, dealers and customers. After all, this year, Uninor expects to break even in terms of earnings before interest, tax, depreciation and amortisation (EBITDA). In other words, it expects revenues to equal the cost of operation. It has also advanced its target to break even on cash flow by two years. The new target is 2013.

In a dimly lit shop in Rudrapur, a father and son, both bare-foot, are chatting. Malik walks up and introduces himself. Mohammad Rafi, the son, owns the shop, called S.R. Electricals, which sells Uninor SIM cards and recharge coupons. Malik asks him what people want, and whether Uninor customers face any problems. Rafi looks hesitantly at the Uninor field staff member who provides his store with his daily quota of coupons and SIMs. "Don't worry, tell Sir [Malik] what your concerns are," says the Uninor staffer. Rafi speaks up: "There is a bit of a problem with the network coverage here. If you can fix that, Uninor will beat Idea." In Rudrapur's circle, UP (West), Uninor has a little less than half of Idea's user base. Malik assures Rafi that the problem will be solved, as the company is scheduled to inaugurate a new tower in the vicinity that very day.

Later, touring Andhra Pradesh, he meets Ramarao, who owns another tiny store, called BVR Communications. Ramarao tells Malik that he gets his commissions on time, sometimes even in advance – something no other telecom operator gives.

So why is the chief executive of a ₹2,975-crore (in 2012) company worrying about trifling commissions? Malik's goal is to understand what customers in different circles need. He has covered 1,800 km in six days – more than the length of Norway, home of Uninor's parent, Telenor.

This is the approach that helped Uninor break even in terms of EBITDA in three circles – Gujarat, UP (East) and Andhra Pradesh. UP (West) looks set to be the next.

This is remarkable for a company that has, since its inception in 2009, spent a good chunk of its time fighting legal battles and regulatory uncertainties. Uninor went to court over partnership issues with its Indian partner, Unitech. Its pan-India licence got quashed by the Supreme Court, and it lost about 10 million subscribers when it had to reduce its operations from 13 circles to six. It had to let go of lucrative circles such as

Uninor CEO Yogesh Malik spent several days touring small towns such as Rudrapur (a 90-minute drive from Moradabad, Uttar Pradesh) to get to know his markets better

Mumbai, Kolkata and West Bengal.

Today, it is not only close to breaking even, but also boasts the lowest tariffs in the country, in keeping with its slogan, "*Sabse Sasta*" – the cheapest. The strategy enabled Uninor to add more subscribers than incumbents Airtel and Vodafone in 2011. Uninor also has the lowest operating cost – about 30 per cent lower than the incumbents.

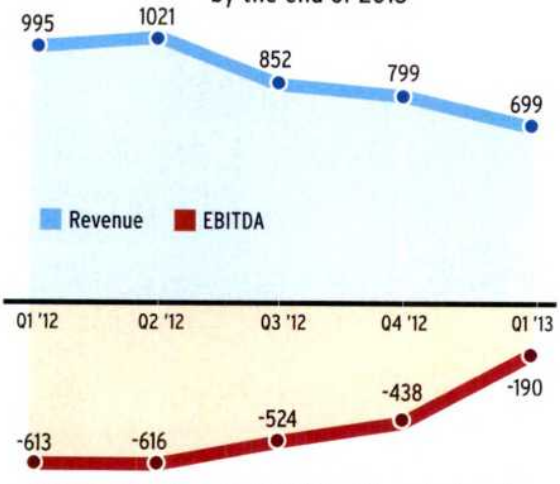
Malik says Uninor's focus is on three things: mass market distribution, ultra-low cost of operation, and delivery of basic services such as voice, SMS and basic value-added services. It has not bought 3G and 4G licences, and does not offer post-paid services. "If you say *sabse sasta*, you cannot sustain that if you are not conscious about your cost," he adds. Low cost is the second most important reason why Uninor is close to breaking even.

Since December 2012, when Uninor's operations were reduced to six circles, it has added 21 per cent more subscribers than Vodafone in those circles. Its current subscriber base is 32 million, compared to

For previous stories on Uninor, go to
www.businesstoday.in/august-0413

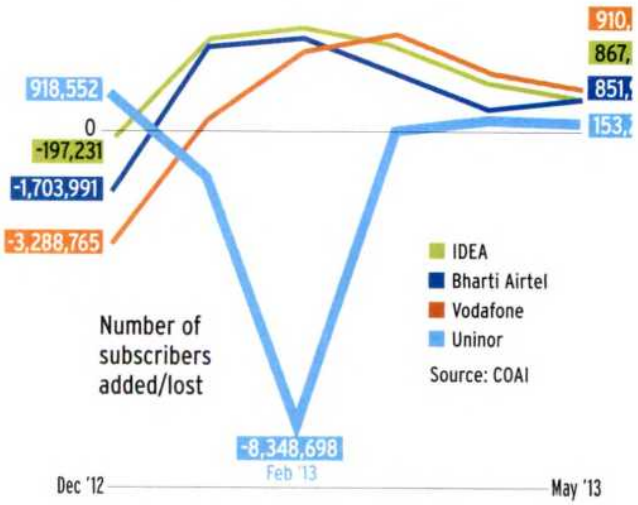
Getting Back on Track

The company says it will be EBITDA-positive by the end of 2013



Figures in ₹ crore (converted @ ₹9.87 = 1 Norwegian kroner)
Source: Company

After new licences were issued, Uninor shrank from 13 circles to 6, but it has bounced back



Vodafone's 155 million.

"Uninor has been looking at a business transformation model... how operations and business efficiencies can be worked upon... from IT to last-mile operations," says Munish Seth, President and Managing Director of Alcatel-Lucent India, which manages Uninor's network.

By the time Malik came to India in October 2010 as Uninor's chief operating officer, he had worked in Bangladesh, Brazil, Canada, Norway, Ukraine, and the Czech Republic, where he met his future wife, Jana. When their son Dante – named after the 13th-century Italian poet – was born, Malik was Chief Operating Officer of Telenor in Norway and board member of Uninor in India. Shuttling between Norway and India became difficult, so he decided to give up his Norway role and station himself in Gurgaon, near Delhi.

Around this time, Sigve Brekke, the Norwegian politician-turned-businessman who saved Telenor's floundering Thailand operations, realised that the Indian operations were in trouble, too. Tata DoCoMo had started a pay-per-second price war. Airtel and Vodafone had become more aggressive. Telenor could not afford to lose in the world's fastest-growing mobile market, with 600 million mobile phone users in 2010.

Brekke, raised in a Norwegian farming family, was not one to give in. His inspiration was his grandfather, who worked long hours on the farm and never took long vacations. "For him, it was always about proving something," says Brekke.

When it started, Uninor had grand plans in India. But its costs were too high. Revamping operations was harder than incubating Uninor, but Brekke was out to prove himself. "I believe in not giving in, even if it looks really, really dark," he says.

His chief lieutenant in the battle to turn Uninor around was Malik. "Yogesh has been part of the whole change in Uninor," Brekke says. "In the last three years, it is his as much as it is mine."

Both Brekke and Malik were clear that they needed to do something unprecedented in the history of Telenor and Indian telecom: work out an ultra low-cost model. This meant negotiations with all vendors, setting up new distribution and marketing systems, new technology, and a focus on select services.

Malik is obsessed with daily performance. Every morning he gets an e-mail with the previous day's total revenue, the number of new subscribers, and gross margins. Improving margins is a daily effort at Uninor. In the afternoon, another e-mail message arrives, containing a report on the cost of operations, price of service and other details.

This is possible because Malik has broken up each circle into small pieces. His team developed what it calls the "cluster approach" – each circle is divided into five or six zones, and each zone into six to eight clusters. This helps analyse every area minutely, so, for example, if a retail spot has not been able to sell enough Uninor SIMs, the sales team can precisely target it to increase sales. Only the fast-moving consumer goods industry has this kind of intelligence, says Malik. "We had to take it from there, because we wanted to be the best in the mass market," he adds.

Uninor's intranet portal has a performance indicator column, which shows the monthly target for each circle and its current status.

LASER SHOT

Canon

Delighting You Always

Launching
Canon LaserShot LBP 6200D printer

MRP ₹12995* PER UNIT

AUTO DUPLEX PRINTING

25 PRINTS PER MINUTE

8000 PAGES DUTY CYCLE

ENERGY & TIME SAVER

LAUNCH SPECIAL

DOUBLE CARTRIDGE OFFER

BUY A LBP 6200D AND GET ONE EXTRA 326 CARTRIDGE OF M.R.P. ₹3995*

FREE#

Presenting the Canon LBP 6200D for the first time in India. Buy one today and you will get a 326 Cartridge absolutely FREE#! Hurry, limited period offer.

Call: 39010101 / 1800-180-33-66 or visit www.canon.co.in for details

*Inclusive of all taxes.

Buy one LBP 6200D (with starter cartridge) and get one full toner cartridge 326 absolutely Free. Offer valid from 1st June 2013 to 31st August 2013. Terms and conditions apply

The cluster approach helped Uninor develop new tariff plans such as 'Rocket Recharge', which lets the shopkeeper customise the plan based on the customer's usage. The shopkeeper feeds the customer's mobile number into a machine that automatically identifies the usage pattern and recommends the best plan. Rudrapur retailer Duresh Maurya, who runs a small, nameless shop since seven years, says: "Rocket Recharge is a hit ... couples are lapping it up." He says many customers buy a SIM for themselves and one for their girlfriend.

Maurya's is a 'Uninor blue outlet', which means he gets 1.25 per cent more commission than other outlets. The categorisation is based on cluster-level intelligence on sales, the number of repeat customers and other criteria. Malik says that this acts as an incentive for retailers to sell more and build brand loyalty.

The loss of circles and subscribers did not affect Uninor's break-even target. Malik made the most of assets such as IT infrastructure, towers and the network.

Analysts are enthusiastic about Uninor's new model. Tore A. Tønseth, analyst at SpareBank 1 Markets, a Norwegian securities firm, says: "Telenor also learned it had to be best-in-class when it comes to holding its cost base down and creating an asset-light operation."

Uninor has only 4.4 MHz spectrum, while Airtel and Vodafone have more than 6.2 MHz. The higher the MHz, the more the traffic the network can handle. "But we are able to carry more traffic than the incumbents, with half the number of sites," says Malik. How is that possible?

Uninor's best network is where 80 per cent of its customers are. "Our radio engineering, towers, algorithm and antennas are really advanced," says Malik. "I have never worked with less spectrum anywhere than here in India." In Norway, he says, Telenor's spectrum is over 30 MHz.

Every Uninor tower site uses 100 per cent of its capacity, compared with 70 per cent usage among rivals. "This leads to a bit of voice clipping or disturbance," says an executive at one of Uninor's vendors, who does not want to be named. "But that is okay in rural areas."

Network partners Alcatel-Lucent and Ericsson, too, aim to cut costs. In an e-mail response, Chris Houghton, head of Ericsson India, said: "There was limited spectrum and power in these growth circles. We worked on innovative solutions that finally ensured a double-figure percentage increase in network efficiency, power-saving solutions and transmission-efficient features."

The IT strategy had to change. "The strategy originally was to be a much larger player and build a big IT structure," says Anil Jain, Senior Vice President at Wipro, Uninor's IT partner. "From a high-cost structure, they wanted to go to a simple model... very lean." In call centres, employees were trained to resolve customers' queries right off the bat. The IT spend fell by 40 per cent, and the number of people by a third, to 300.

Uninor shares a portion of the cost saved, as an incentive for its partners. The cost of operations per minute has fallen by 25 to 30 per cent, says Malik. He adds that the price per minute is 30 per cent lower than what the incumbents offer. That's where the break-even is coming from, he says.

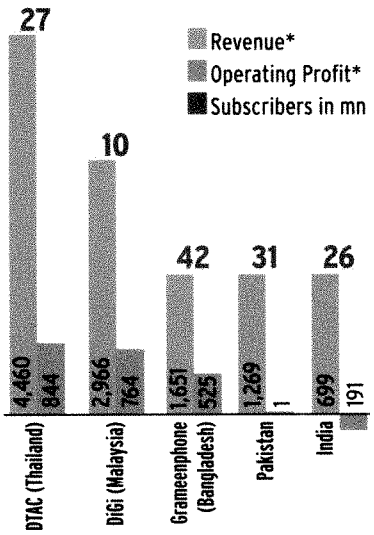
Brekke says that Uninor's "cheap minutes" are becoming the benchmark for other Telenor operations. The Norwegian company will implement the India model in Myanmar, where it recently got a licence. The cluster approach is being adopted in Bangladesh, Malaysia, Pakistan and Thailand. "If you can take this to other markets, where the competition is a bit lax, then you can create a business value which is much better," says Brekke.

It's not yet time to party. But, to Malik's delight, the Foreign Investment Promotion Board has allowed Telenor to raise its stake from 49 to 74 per cent in Telewings Communications, its newly formed joint venture with Lakshdeep Investments & Finance. Uninor, which is still a Telenor-Unitech joint venture, is yet to transfer its assets and customers to the new company which was formed in November 2012, after the Unitech debacle.

Meanwhile, after two and half years in India, Brekke shifted base this year to Singapore, from where he continues to oversee India operations. As for Malik, he has his sights set for now on the road to profitability, and is focused on costs and customers. His personal to-do list – climbing Mount Kilimanjaro and skydiving – will have to wait. ◆

India Lags

India is the only country in Asia where Telenor continued to make losses in the first quarter of 2013



No. of India subscribers is 32 mn in Indian accounts, but due to different norms in Norway, subscribers with low usage are not counted, so the number above is lower.
* Figures in ₹ crore (converted @ ₹9.87 = 1 Norwegian kroner) Source: Company

Send your comments to editor.bt@intoday.com

ONE GLOBAL NETWORK
ONE GLOBAL ECONOMIC POWERHOUSE

WORLD TRADE CENTER®
PUNE

NOW OPEN FOR BUSINESS

Panchshil Realty launches World Trade Center Pune. A 1.6 million sq ft integrated business park in Kharadi redefining the way you do business.

Support services & amenities that enhance the quality of work environment include: Convention facility, Business centre, Banks & ATM's, Cafes, Medical facilities, Travel desk

THE CITY IS OPEN FOR BUSINESS, AND THE WORLD IS WELCOME.

Panchshil

Plunging with the Rupee

The local currency's slump has shattered business sentiment and reversed the gains of the last three quarters, finds the latest *Business Today*-C *fore* Business Confidence Survey.

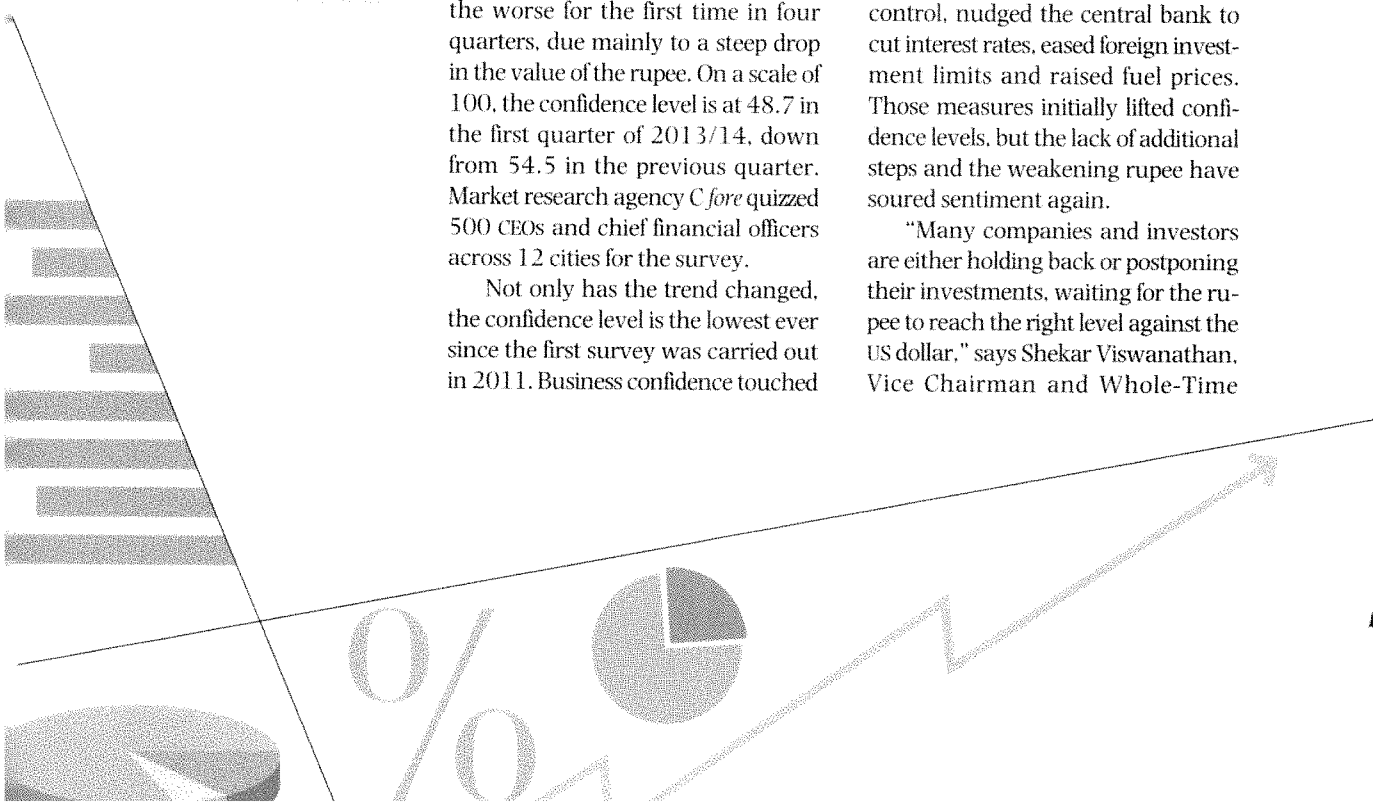
By SANJIV SHANKARAN

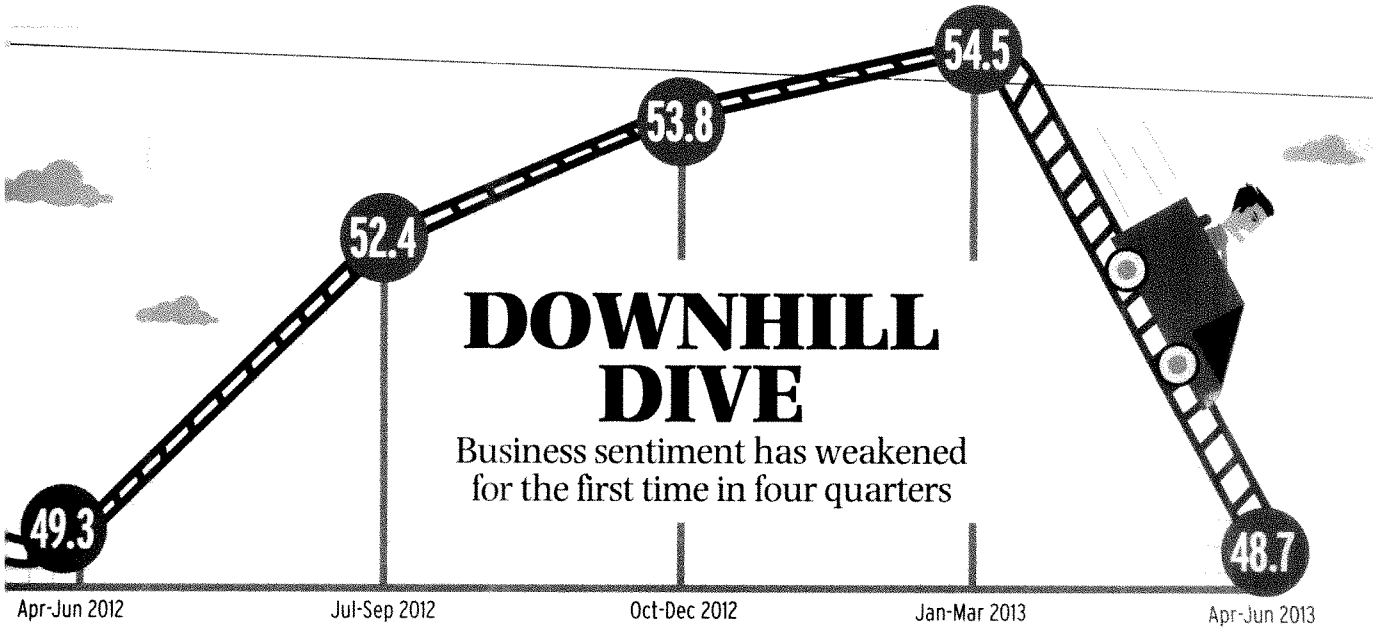
The new financial year has started on a low note for Indian businesses. And any hopes that last year's reforms would turn around the Indian economy have evaporated into thin air.

The *Business Today-C fore Business Confidence Survey* for the April-to-June period of 2013 found that sentiment among corporate leaders turned for the worse for the first time in four quarters, due mainly to a steep drop in the value of the rupee. On a scale of 100, the confidence level is at 48.7 in the first quarter of 2013/14, down from 54.5 in the previous quarter. Market research agency C *fore* quizzed 500 CEOs and chief financial officers across 12 cities for the survey.

Not only has the trend changed, the confidence level is the lowest ever since the first survey was carried out in 2011. Business confidence touched a high of 74.8 in the quarter ended March 2011, before falling steadily. Sentiment picked up in the first quarter of 2012, ahead of the Budget. Confidence levels plunged after the Budget proposed tax rules that riled investors. Subsequently, the government diluted several of those proposals. It also kept the fiscal deficit under control, nudged the central bank to cut interest rates, eased foreign investment limits and raised fuel prices. Those measures initially lifted confidence levels, but the lack of additional steps and the weakening rupee have soured sentiment again.

"Many companies and investors are either holding back or postponing their investments, waiting for the rupee to reach the right level against the US dollar," says Shekar Viswanathan, Vice Chairman and Whole-Time



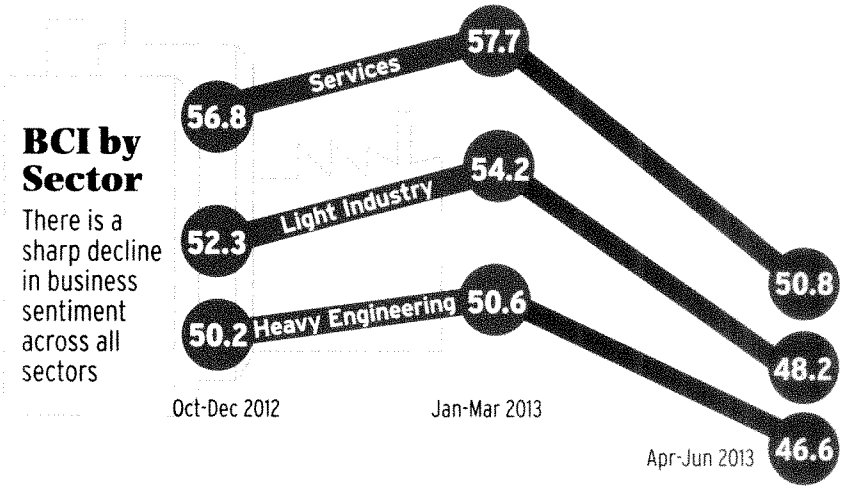


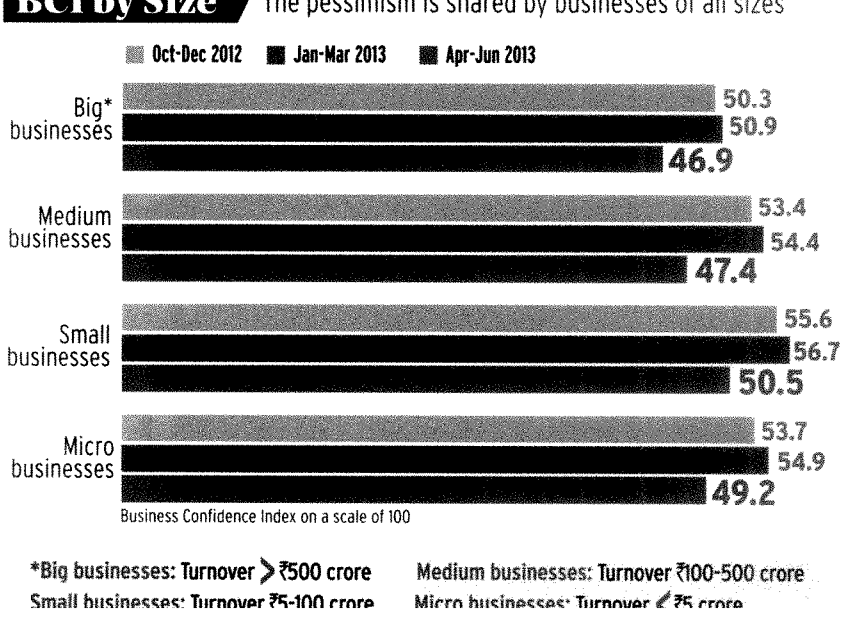
Director at Toyota Kirloskar Motor. "But no one has any clue as to which is the right level."

The rupee depreciated 9.86 per cent during the April-to-June period and closed below the psychological mark of 60 to a dollar in July. The local currency has been weighed down by a wide current-account deficit and massive capital outflows from the country's capital markets.

In the gloomy situation, 66 per cent of the executives surveyed said the state of governance has made them look abroad for investment. Large conglomerates are not the only ones scouting for opportunities overseas. Rahul Bhasin, Managing Partner at Baring Private Equity Partners (India), recalls how he was taken aback when a textile maker from Tirupur in Tamil Nadu approached his firm with a proposal to shift his unit to Oman. "If the government were to create a systematic plan to dent confidence, it couldn't have done a better job," says Bhasin.

The fall in confidence has spilled over to expectations for the July-to-September quarter. In the preceding survey, which was carried out a few





"If the government were to create a systematic plan to dent confidence, it couldn't have done a better job"

RAHUL BHASIN
Managing Director, Baring Private Equity Partners (India)

weeks after the Union Budget was announced, companies were upbeat. A significant proportion of executives expected economic prospects to improve. This was in line with the survey results of the preceding two quarters, where the government's decisions to encourage foreign investment in September 2012 triggered a wave of positive sentiment.

In a reversal, only three per cent of executives polled in the latest survey expect economic prospects to get better, compared with 39 per cent who were upbeat in the preceding quarter. On the contrary, a fourth of the executives expect economic prospects to get substantially worse.

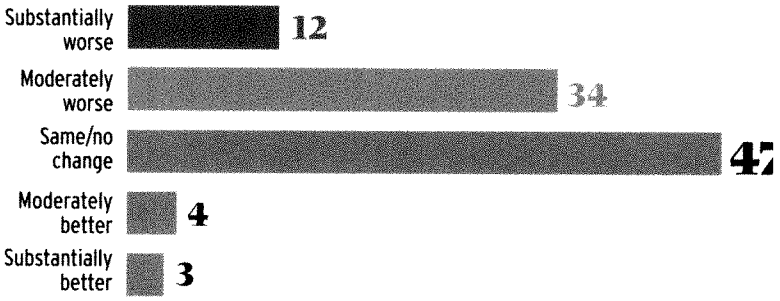
The depreciating rupee has been accompanied by a series of negative developments. The Reserve Bank of India (RBI), which had reduced interest rates three times in 2013, decided to pause in its June policy announcement. The weak rupee is also impacting trade. In the survey, three in five said they expected imports to fall in the quarter through September. Only 18 per cent felt the same way in the previous survey. "Given that we import most of our products, we end up paying almost 30 per cent more to factories outside India," says Rajiv Mehta, Managing Director, Greater

REVERSE GEAR

The business environment deteriorated in April-June 2013 over the previous quarter

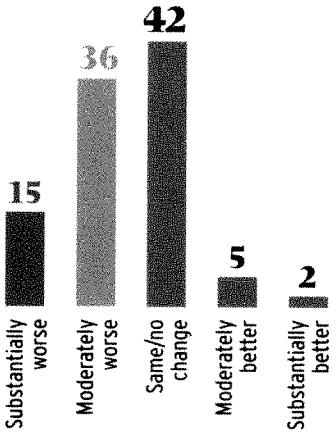
Overall Economic Conditions

Nearly half the respondents felt conditions worsened during April-June



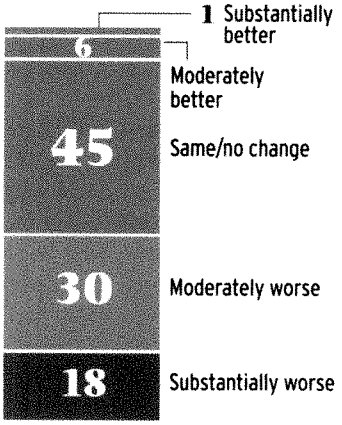
Finance Availability

More than half said fund availability dropped



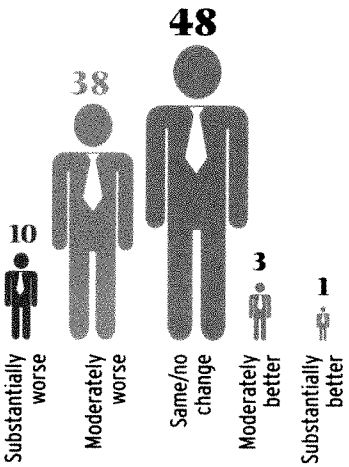
Demand Conditions

Almost half said demand fell



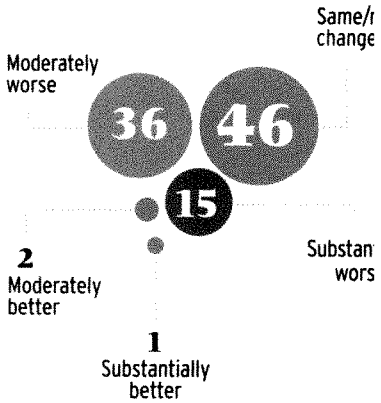
Hiring Conditions

Nearly half said hiring declined



Profit Margins

More than half felt profit margins shrank



odafone
usiness
ervices

Vodafone's Internet Leased Line keeps your business connected securely

To know more, visit www.vodafone.in/wireline or call 1800-212-5555

power to you

afone's Internet Leased Line gives your organisation faster internet and dedicated bandwidth to you drive efficiency and productivity. Built on a high capacity fibre network, our internet leased ensure high uptimes, low latencies and best-in-class service quality for your internet needs.

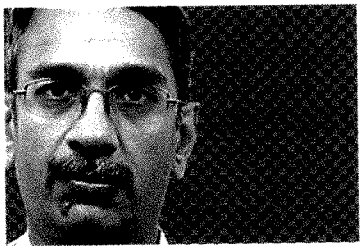
n you choose us, you get:

ure and faster internet speeds for latency sensitive applications • Committed bandwidth with a wide choice eeds • Dedicated Account Manager for every business • Managed Services Desk for proactive troubleshooting 27001 certified 24x7 NOC • Robust Next Generation Network • Over 120,000 kms of fibre-optic network r 350 PoPs across 130 cities • 5 International PoPs

Scan to explore

To download the QR code reader, visit http://www.f2k.mobi/app

› Wireline Voice › MPLS VPN › Internet



"Many companies and investors are either holding back or postponing their investments"

SHEKAR VISWANATHAN
Vice Chairman, Toyota Kirloskar Motor

India, Puma Sports India. "Moreover, we cannot pass on the burden (of increased prices) to the consumer because... people are tightening their wallets with the prevailing uncertain economic conditions."

The only benefit of the rupee's slide will likely show up in exports. Expectedly, 46 per cent of the executives surveyed felt exports would pick up in the current quarter. The survey also shows nearly half the executives expect the availability of finance to worsen in the current quarter. Bhasin says the government is not acknowledging the problems businesses are facing. "You cannot fix it without acknowledging," he says.

The negative developments in the foreign-exchange market have also outweighed positive news elsewhere. Global credit rating firm Fitch has upgraded India's rating outlook to stable from negative. Towards the end of the quarter, the government decided to increase the price of locally produced natural gas. The move followed a series of other measures taken over the past year to increase prices of fuel products such as diesel.

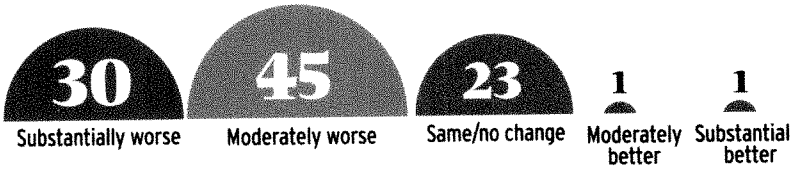
Why haven't these developments offset the rupee's drop? Hemant Kanoria, Chairman and Managing Director of Srei Infrastructure Finance, feels it is because the focus

BLEAK FUTURE

Companies see few reasons to cheer in the July-September quarter

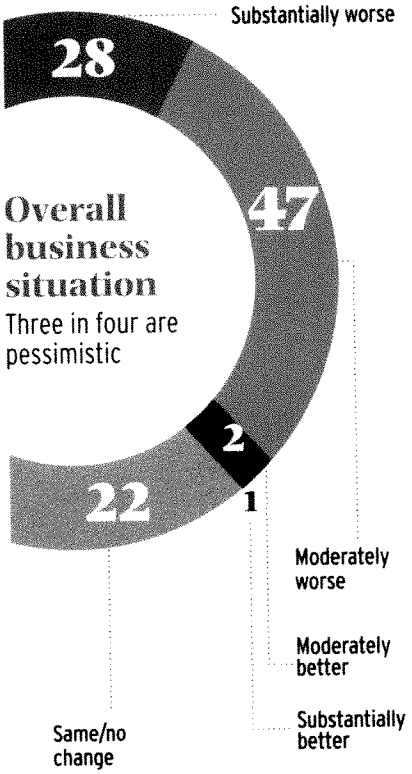
Overall Economic Situation

Three-fourths of respondents feel the situation will worsen



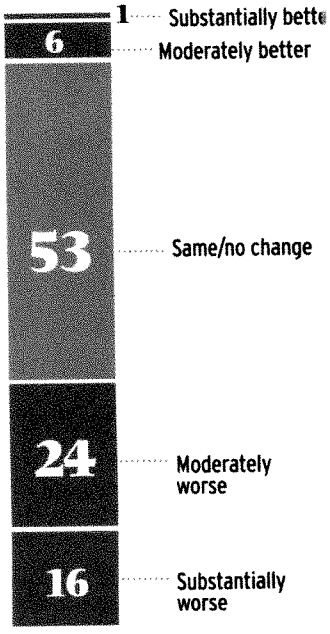
Overall business situation

Three in four are pessimistic



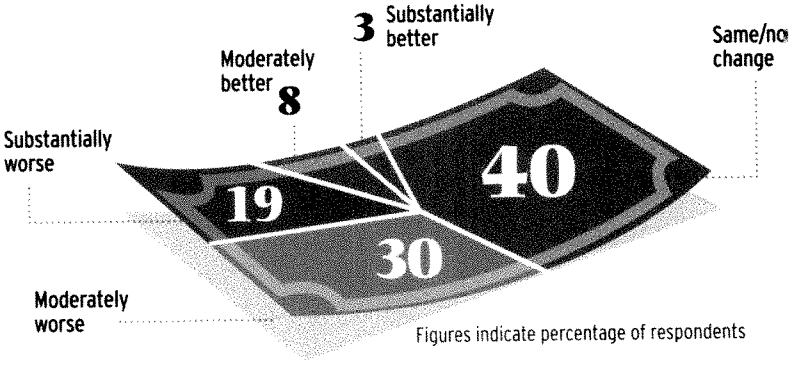
Overall Financial Situation

More than half expect no change



Availability of Finance

Nearly half expect a decline



Figures indicate percentage of respondents

RELIANCE
Mutual Fund

Staying FIXED gets you nowhere. So break free.

Reliance Regular Savings Fund - Debt Option

(An open-ended scheme)

- **Low Volatility**
- **Invests in Fixed Income Instruments**

This product is suitable for investors who are seeking*

· Income over medium term.
. Investment predominantly in debt instruments having maturity of more than 1 year and money market instruments.
· low risk. (BLUE)

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Note: Risk may be represented as:

(BLUE) investors understand that their principal will be at low risk | (YELLOW) investors understand that their principal will be at medium risk | (BROWN) investors understand that their principal will be at high risk

For more details visit **www.reliancemutual.com,** SMS **RDEBT** to **561617** or contact your financial advisor.

- The investment of the fund is based on short to medium term interest rate view and typically maintains a moderate duration up to 2 years, thereby being low volatile.

SMS charges apply.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

"Prioritisation and addressing simple issues will help [in reviving business confidence]"

HEMANT KANORIA
CMD, Srei Infrastructure Finance

has been on reform measures that are of lesser importance.

"It has to be thought through simply," says Kanoria, whose company is one of 26 applicants for a new banking licence. He says immediate reform measures needed include resolving problems in infrastructure development, fuel supply to power companies, and land acquisition. "Prioritisation and addressing simple issues will help [in reviving business confidence]," he says.

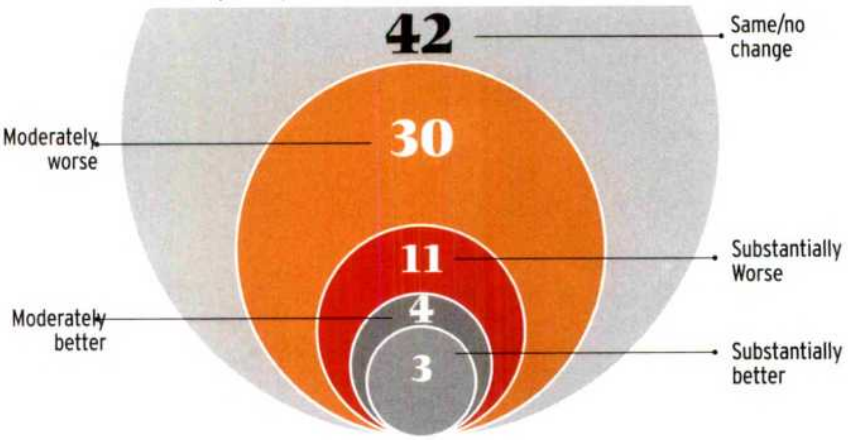
What stands out in the survey is the significant proportion of respondents who feel the overall economic environment and business situation will substantially worsen. Between 25 per cent and 30 per cent of the respondents expect the situation to substantially worsen. They are not alone in expecting things to get worse on the macro front. In a report on financial stability released in June, the RBI said that macroeconomic risks facing the Indian economy have increased during the past six months. Toyota's Viswanathan is even more pessimistic. "The present situation, in my opinion, is no different from what India faced in 1991," he says. ◆

ADDITIONAL REPORTING BY K.R. BALASUBRAMANYAM

Send your comments to editor.bt@intoday.com

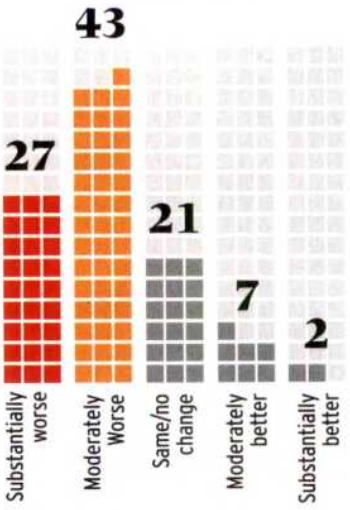
Order book

Forty-one per cent expect order books to shrink



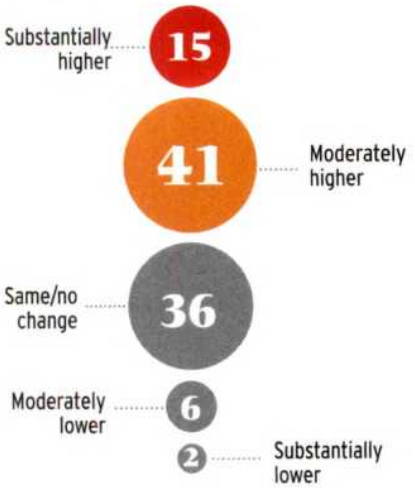
Cost of external finance

Over two-thirds feel the situation will deteriorate



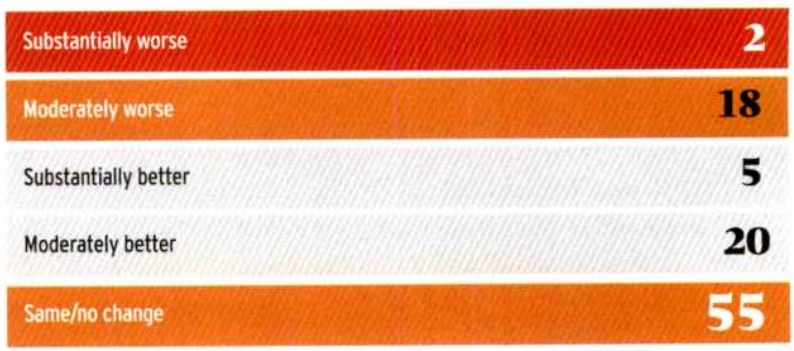
Cost of raw material

More than half expect costs to rise



Selling Prices Pickup

Three-fourths are pessimistic

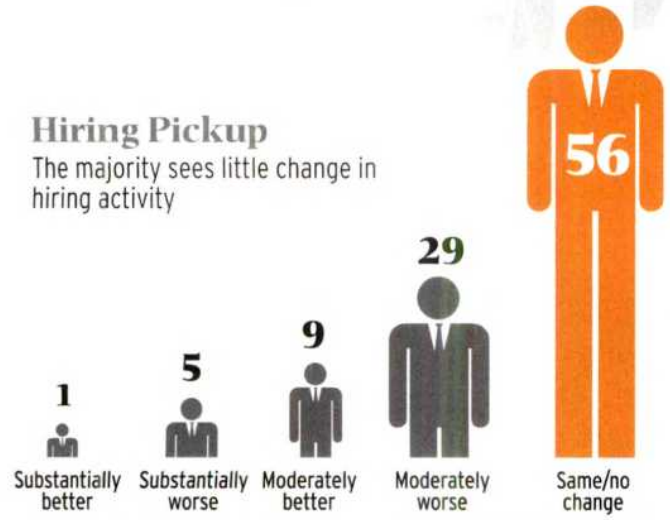


Figures indicate percentage of respondents

For previous business confidence surveys, go to
www.businesstoday.in/august-0413

Hiring Pickup

The majority sees little change in hiring activity



Import Pickup

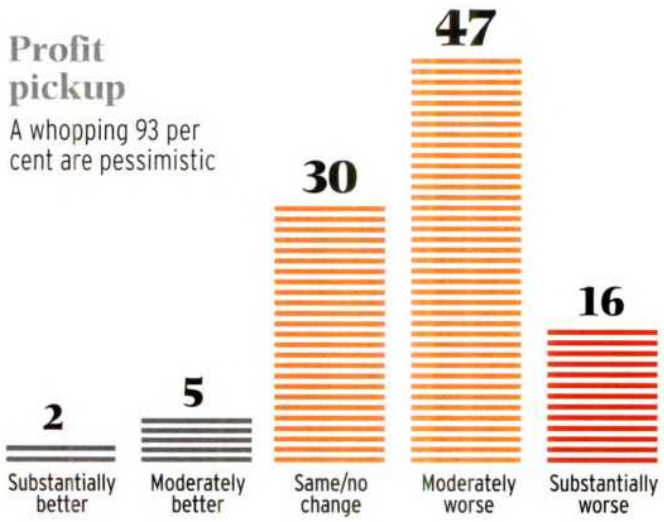
Three in five expect imports to fall

Export Pickup

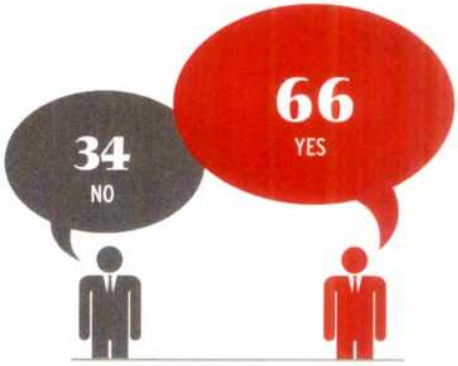
Less than half feel exports will increase

Profit pickup

A whopping 93 per cent are pessimistic



Has the state of governance made you look for investment opportunities outside India?



Figures indicate percentage of respondents

METHODOLOGY

Market research agency *C fore* conducted the survey for the April-to-June quarter. The field work was done in June. A structured questionnaire was administered to CEOs/CFOs of companies. Five hundred CEOs/CFOs representing various industries in terms of sector and size were interviewed. The survey was conducted in 12 cities – Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, Nagpur and Visakhapatnam. The companies were segmented based on turnover as well as products. Those with a turnover of over ₹500 crore are termed as big, those with a turnover of ₹100-500 crore as medium, those with a turnover of up to ₹100 crore as small, and those with a turnover below ₹5 crore as micro businesses.

Google India pg 60 | Accenture pg 64 | Axis Bank pg 66 | Indian Railways pg 70 | DMRC pg 74 | Abbott Labs pg 78 | IT cos pg 82

The Best COMPANIES To Work For

THUMB ART BY SANTOSH KUSHWAHA

The annual BT-*PeopleStrong Survey, carried out in association with Naukri.com, finds employees looking for more* meaning *than money.*

BY SHAMNI PANDE

PREVIOUS YEARS' BEST EMPLOYERS

2011	2010	2009	2008	2007
1 TCS	1 Infosys	1 Infosys	1 Microsoft India	1 Microsoft
2 Infosys	2 TCS	2 Google	2 iGate Global Solutions	2 MindTree Consulti
3 Wipro	3 Google	3 TCS	3 HCL Infosystems	3 J&J
4 IBM	4 IBM	4 IBM	4 HSBC	4 Sapient
5 Google	5 Wipro	5 Microsoft	5 Marriott Hotels	5 Infosys

	INDEXED SCORE*
1. Google	100
2. Accenture	99.50
3. TCS	82.14
4. Infosys	69.50
5. L&T	65.82
6. BHEL	61.24
7. IBM	61.05
8. Tata Motors	56.61
9. Wipro	54.20
10. HUL	48.54
11. Microsoft	47.66
12. Tata Steel	45.45
13. ABB	43.25
14. Bharti Airtel	42.57
15. SBI	38.90
16. ONGC	37.68
17. Axis Bank	35.61
18. M&M	33.14
19. Indian Railways	32.45
20. ACC	32.42
21. HDFC Bank	31.91
22. HCL Tech	31.07
23. DMRC	30.79
24. Abbott Labs	30.33
25. Vodafone	27.57

*To derive the indexed score, the company with the highest rating in the employee survey was assigned a score of 100. The numbers achieved by the other companies were indexed to it

2006
1 Infosys
2 MindTree Consulting
3 Satyam
4 Dr Reddy's Labs
5 Sapient

2005
1 Infosys
2 Sasken
3 Genpact
4 HCL Comnet
5 NTPC

2004
1 Sasken
2 Infosys
3 Thermax
4 HCL Comnet
5 HDFC

2003
1 P&G
2 American Express
3 NTPC
4 J&J
5 GlaxoSmithKline

2002
1 Infosys
2 P&G
3 HP
4 SmithKline Beecham Consumer Healthcare
5 Satyam

2001
1 Infosys
2 P&G
3 HP
4 ICICI
5 Hughes Software

THE BEST COMPANIES TO WORK FOR

Until recently, the check boxes a young person ticked mentally while considering a job offer were fairly straightforward: Do I get more money? Do I get a better title? Is the company well known?

The current lot of youngsters entering the workforce, however, ticks some other check boxes too. Often referred to as Generation Y, broadly meaning people born in the 1980s and 1990s, they want their work to *mean* something more than merely a fatter pay packet, or a set of activities that add to the bottom lines of their workplaces.

What are these? "Research done on Gen Y shows it is interested in workplaces that are clear leaders in learning, and offer roles that aid their development, roles that involve stretch," says Nishchae Suri, Country Head of People and Change Practice, KPMG India. Of course, workplaces are not peopled only by this age group. But the fact that 74 per cent of respondents to *Business Today*'s 12th "Best Companies to Work For" survey were less than 35 years old means their attitudes and concerns were well captured.

The younger respondents, not surprisingly, rated internet giant Google at the top, followed by technology and consultancy services firm Accenture. For the older generation, the world of best workplaces is different. Respondents between 46 and 55 years of age ranked Larsen & Toubro as the best company to work for, with ABB at No. 2, while Google and Accenture came in at Nos. 9 and 10.

These and many more such insights (See *The Fine Print*, Page 89) are captured in the study, based on an open, online survey carried out using Naukri.com's database (See *Methodology*, page 85). The survey tries to capture how employees of companies in India perceive workplaces, what they aspire to, and to understand their key concerns and drivers at work. This year, four million potential respondents were targeted, of which 6,310 participated in the survey.

While considering companies for employment, most employees said 'higher role and responsibility' would attract them the most (see *What Makes a Company Attractive*). "All performers are impatient and want to take on bigger responsibilities as the need to constantly learn is very high," says Krish Shankar, Executive Director for Human Resources at telecom major Bharti Airtel, which features at No. 14 in our survey.

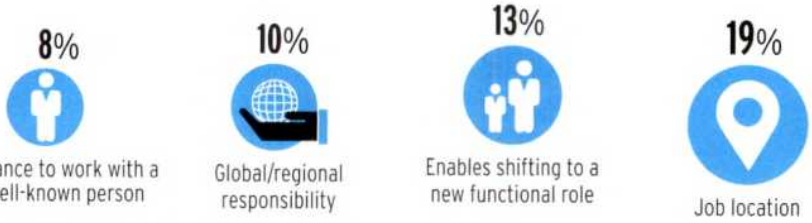
A typical Gen-Y person is 31-year-old Bansari Vyas. She satiated her craving for growth, recognition and change at Airtel, where she joined from the Indian Institute of Management-Calcutta eight years ago as a management trainee. "I started with HR in a business partnering role, but wanted to handle strategic projects within a year-and-half," she says. Her wish was fulfilled.

Less than two years later, she applied for an opening in an online project to create a blueprint for making Airtel digital-friendly. She was sent for training to Singapore's telecommunications major SingTel, an equity partner of Airtel's, for four months. Though she had help from technology support and other teams, it was she who was empowered to give the final sign off. She was thrilled when her 'My Airtel' app won in the "Best Application using Network APIs" category at the GSMA Global Mobile Awards, 2013.

Not just learning, individuality is also encouraged, and companies such as IT major HCL Technologies, featuring on our list at No. 22, want people to embody this at work and in their roles. "People seek opportunities and hence their roles must not be restrictive," says Prithvi Shergill,

WHAT MAKES A COMPANY ATTRACTIVE...

While considering a job change



: Respondents were asked to choose three factors. Figures show proportion of respondents choosing respective factors

Chief HR Officer at HCL.

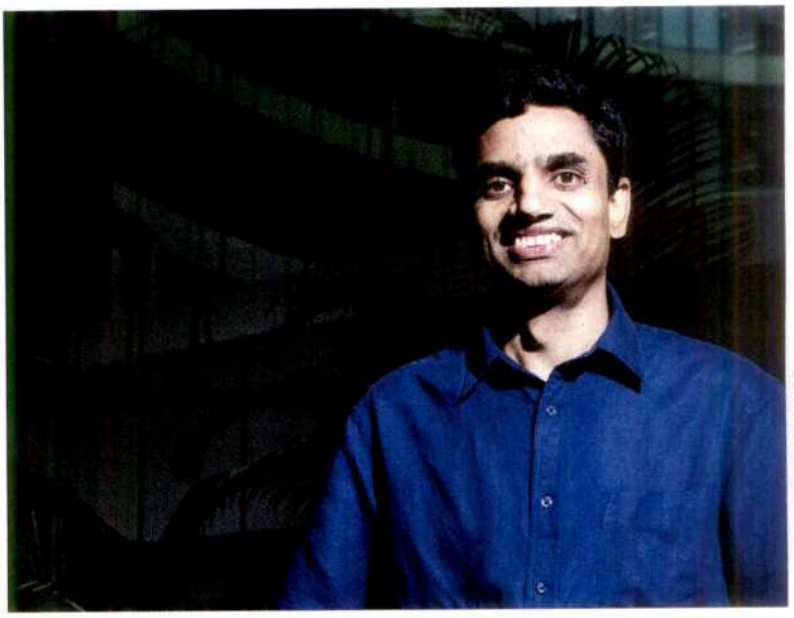
Take Jaspreet Singh Sidhu, a Test Manager at HCL. Part of the delivery team, he feels he is always heard by his company. "I understand my client's business and my suggestion for changes to enhance the client's business return was implemented," he says. He recalls how he was the only one in a 70-member team who offered advice when he was just four years into his job. As a result, he has turned evangelist for the company, and has also encouraged his wife to join it. "She has worked with several other IT majors and knows the difference now," he says.

But zany practices and learning opportunities are not the sole preserve of IT companies. In fact, increasingly, these are visible in the more traditional fast moving consumer goods, manufacturing and automotive segments as well.

The rise of these segments is reflected in our survey, resulting in a well-distributed Top 25 list. To provide a more nuanced view, we have handpicked a few examples from the 25 to show how companies empower employees and aid learning.

Google India features for its willingness to entrust absolutely raw talent with opportunities that feel larger than life. Accenture, because it engenders diversity, and Axis Bank, because it reaches out to the farthest outpost to engage its workforce. We have also profiled public sector undertakings Indian Railways and Delhi Metro Rail Corporation (DMRC), first-timers in our Top 25, whose presence shows how responsive people are to progressive and caring work cultures. In the pharma category, the India subsidiary of US-based Abbott Laboratories tops for nurturing a learning culture. Interestingly, Indian IT companies have taken a knock, their rankings falling (See *No More Pampering*, Page 82).

Companies are taking steps to give employees responsibilities beyond their job briefs, helping them and in the process, themselves too. For instance, Anant Jain, 31, who joined Abbott four years ago, had great interest in finance. The company put him to work on daily profit & loss projections. To facilitate this,



SOUNAVA RAY SARKAR

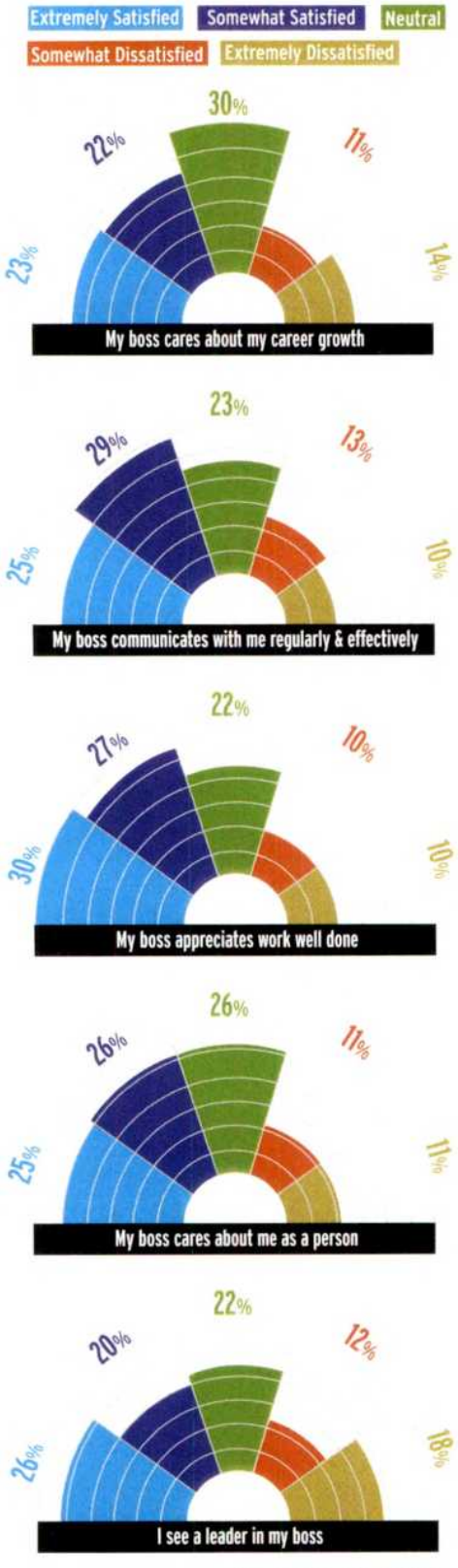
"All performers are impatient and want to take on bigger responsibilities as the need to constantly learn is very high"

KRISH SHANKAR, Executive Director, HR, Bharti Airtel

Source: *BT*-PeopleStrong Best Companies to Work For Survey

THE BOSS AND I

How satisfied are employees with their bosses?



Jain would collaborate with divisional business heads. Abbott also enrolled him in an executive MBA programme at IIM Calcutta on advanced marketing. Today, he prepares business forecasts for the long term, constantly challenging numbers in its business model.

Again, ITC has immense scope to nurture the entrepreneurial abilities of its workforce as it has spun off various businesses in personal care, lifestyle and food among others. Anil Sharma, Vice President, HR, ITC's Hotel Division, says: "I allow my different unit heads to participate in roles that have a bearing on the entire group." So, for instance, a unit head who knows law gets to handle legal responsibilities in addition to his core role of managing a particular hotel. ITC Hotels ranks No. 2 in the hospitality sector in our survey.

"Our studies have revealed that careers are very important to people, and if roles are not defined across levels, there is no way one can put a career management system or a career planning process in place," says Prince Augustin, Executive Vice President, Group Human Capital & Leadership Development, Mahindra & Mahindra (M&M). "Compensation and benefits management requires us to benchmark roles across the group and ensure we do role based benchmarking."

M&M uses psychometric tools to get profiles of people who match the roles the company has on offer. It uses a trait-based recruitment process along with a psychometric test from SHL, a UK-headquartered company engaged in talent measurement. "We have run extensive training programs in collaboration with SHL to train our hiring managers in trait-based recruitment techniques," says Augustin.

Among other best practices, M&M also has a 'Shadow Board' competition, where a team of young managers critique the functioning of businesses, air views on strategic imperatives and give out-of-the-box ideas.

Then there is Ingersoll Rand, which does not feature in our Top 25, but merits mention. In 2011, the company launched a special cell called Entrepreneur Creation Programme, or ECP, in which a few employees are hired every year with the mandate to eventually launch their own enterprise. One beneficiary is Siddhartha Agarwal, who had wound up his first attempt at business in 2010 due to a change in government policy. He then joined B-school XLRI in Jamshedpur, from where he was hired by Ingersoll Rand for ECP.

Agarwal opted to work with its sister concern, Thermoking, a global leader in bus air conditioning and truck refrigeration. He set up service centres in the eastern India, providing complete solutions to customers, and helped scale up the region's business 10 times. Recently, he floated his own company, RS Comfosys, a Thermoking distributor and service partner.

This is not a standalone case. It shows the extent to which good companies go to advance their own learning, along with that of their employees. And it is a continuing process. As Pratik Kumar, currently President of Wipro Infrastructure Engineering, had observed in our 2011 edition of the Best Companies to Work For: "You cannot be a seasonal best employer."

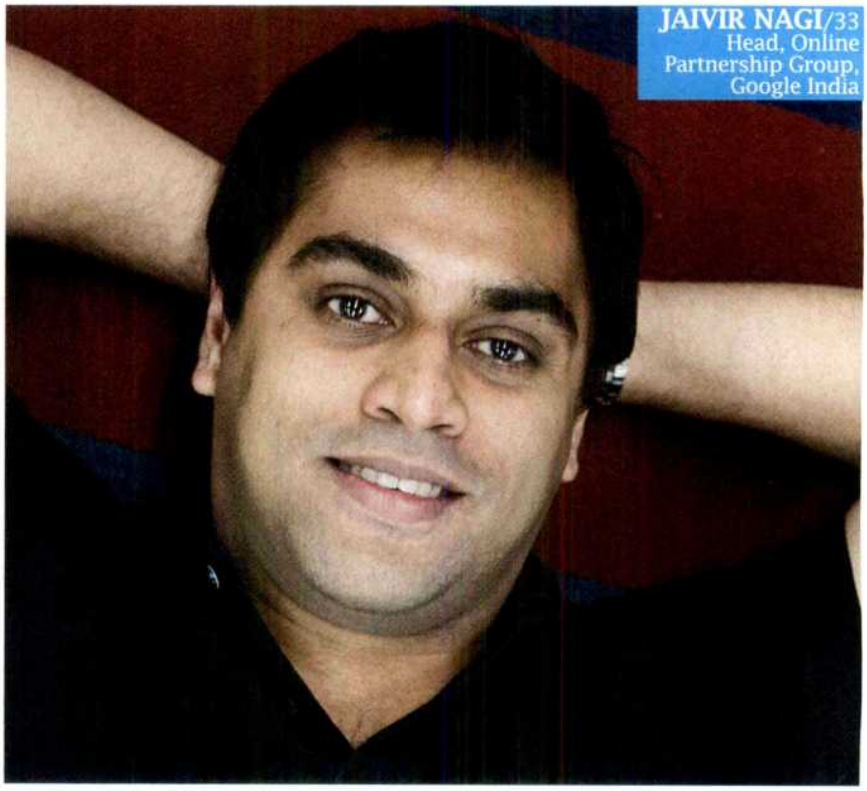
micromax
nothing like anything

13 MP Professional Camera
5 MP Rear Camera
Image Editor
Four Way Panorama
99 Burst Shots
Image Stabilizer
Blow to Unlock
Smile and Face Detection
Shake to Unlock
Simultaneous Video View
Swipe to Control Brightness
Video Pinning
Swipe to Control Volume
Pop Up Browser
Pin Your Browser
4.2 Jellybean Android
Aluminium Casing
Scratch Resistant
12.7 cms (5) IPS LCD Screen
Sharp Contrast
Smart Gestures
Upside Silent
Curve TP Lens
Upside Speaker
Proximity Dial
1.2 GHz Quad Core
Proximity Answer
Cortex A7 Processor
16 GB Memory
32 GB Expandable Memory
M! Security
M! Zone
Update Software over the Air (FOTA)
M! Live
Music Hub
Spuul
Hike Messenger
Game Hub

LIFE CAN BE ENDLESS Canvas 4

An endless life awaits at www.canvas-4.com

Jaivir Nagi says he always looks for one thing at work: "Uncomfortably exciting opportunities." And Google India has given him plenty of them. Nagi has just returned from a short-term assignment to run Nasscom's '10,000 start-ups' project that Google sent him on. "I did not know too much, but I did prepare a lot for the job and, I guess, they sensed my zeal and gave it to me," he says. "The project blueprint was developed by me from scratch and it was exhilarating to work with industry stalwarts."



JAIVIR NAGI/33
Head, Online Partnership Group, Google India

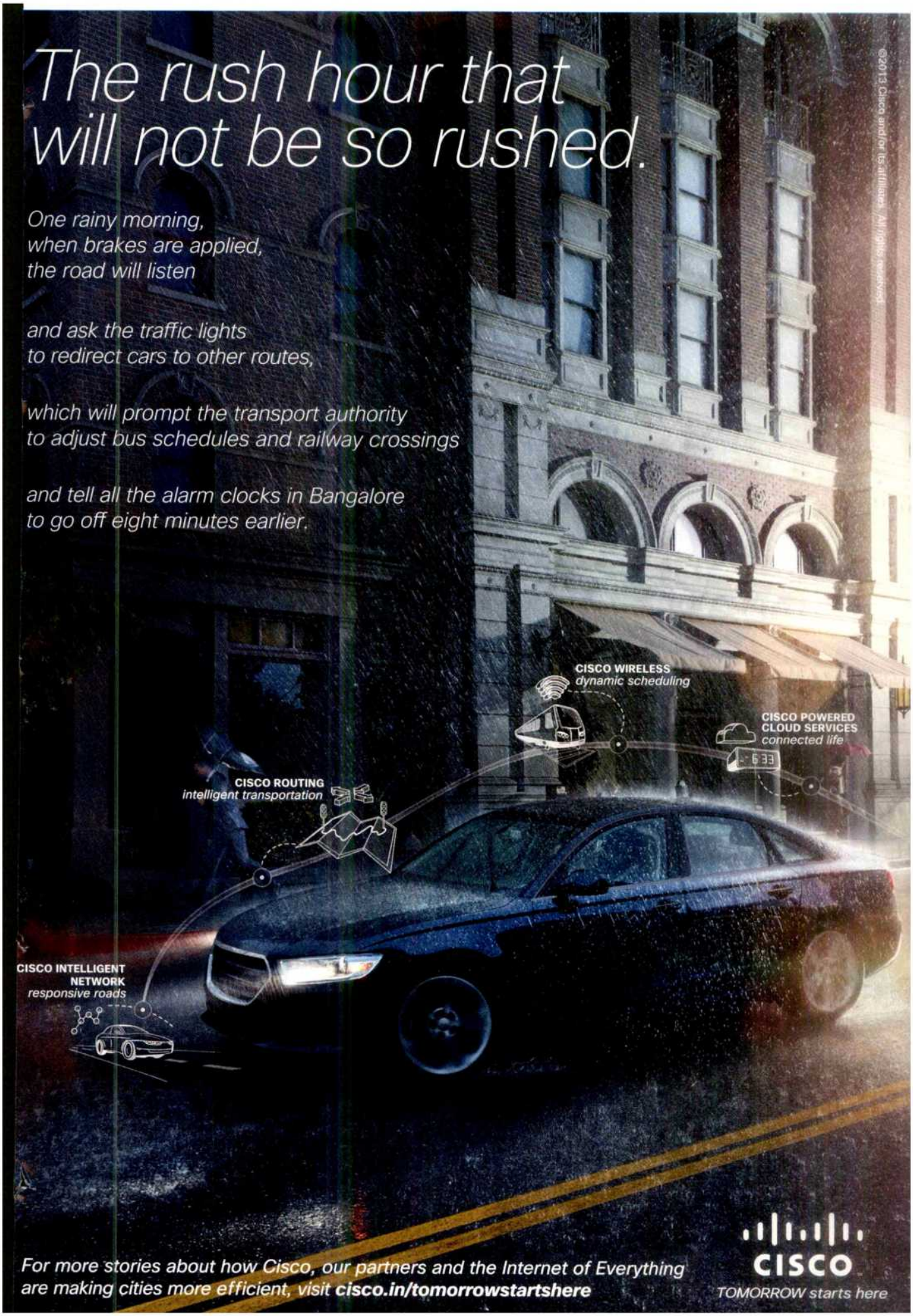
Their Pride and Joy

Google India's cool work culture and policy of pushing people to pursue their passion makes it the most attractive company for employees in India today.

By SHAMNI PANDE

What do many Google India employees have in common with Nobel Prize-winning biologist Francis Crick and comedian John Belushi? They are all Type T personalities: in other words, thrill-seekers, risk-takers and doers. "Yeah, 'T' is a big factor for me. I am constantly seeking to upgrade my T-Skills," says 24-year-old Shefali Arora, an account planner at the Internet search giant's India unit.

And Google India certainly provides plenty of thrills for its staff. Arora's Google journey began when she bumped into some people from the company at the Cannes advertising festival, a trip sponsored by her B-school in 2011. "I was most impressed by the lot, much more than with folks in advertising. They had interesting things to talk about and were far more engaging," she says.



©2013 Cisco and/or its affiliates. All rights reserved.

THE BEST COMPANIES TO WORK FOR

Flipcam interview of Google employees
businesstoday.in/google-employees

So, while her classmates were typically looking for jobs in advertising and marketing companies when they were about to graduate, Arora struck out and uploaded her resume on the Google careers site. Not long after, she found herself working for her dream company. She has been there 18 months – and loved every minute, because it gives her a chance to touch lives. "I was happy when my suggestion to help flood-ravaged Uttarakhand was taken seriously. Employees pitched in and Google India tied up with NGO Goonj," she says.

It is this caring work culture that helps make Google India the best company to work for in the country today, according to *Business Today*'s latest survey. The Gurgaon-based infotech company encourages the nearly 2,000 people on its rolls to pursue their hobbies and interests at work through the concept of "20 per cent jobs". Essentially, this means employees spend 80 per cent of their time on their key responsibilities and the rest on their special interests.

Adwords Associate Rajneil Kamath, for example, got a chance to dabble in his special interest when he began hosting the company's popular Hangout events. He began by handling the Hangout with Gujarat Chief Minister Narendra Modi and went on to take care of other high-profile Hangouts with actor Salman Khan and Finance Minister P. Chidambaram. The Hangout with Modi was part of the Big Tent Activate Summit in March which brought together leading Indian and international experts to discuss the impact of the Internet on India. "I am interested in marketing, and was overwhelmed when I volunteered and was allowed to handle the Google+ Hangout with Narendra Modi," says Kamath. "Whenever I speak to my peers outside, I always feel: 'I am way luckier than you'."

And Google will not have it any other way. Senior officials say the company aims to tap the passion of its workers on its rolls while keeping them focused on their responsibilities. "We want a rich culture, diversity... people who bring different skill sets and, above all, have interests that they deeply care about and wish to nurture," says Sharad Goyal, Head of People Operations, Sales, Google India. "Unlike other companies, we don't hire people and keep them on the bench. We go out with specific roles and jobs in mind."

Behind the company's maverick profile is a strong business sense. Google India has been constantly growing by adding unique projects. For example, it has a programme called WOW which helps women entrepreneurs grow their online presence and the G+ project to engage citizens in dialogue on sports, politics, education and entertainment.

Business has been good because Google India encourages staff to follow their interests. Adwords Associate Mohita Mathur, for example, is still in awe of the Big Tent Activate Summit she helped organise. The 22-year-old has also helped launch a project to teach children with many volunteers from the Google India office.

Mathur isn't the only one at Google India pursuing a hobby at work. Adwords Associate Sanjoli Chauhan joined the ad team in 2011, but hasn't just been handling advertising operations. She is equally enthused about her 20 per cent job of organising and hosting sessions with well-known personalities for Google. It gives her a chance to keep up with something she has always been interested in: dramatics.

Google India is also a great place to work because it helps people develop their professional skills. Chauhan approached her manager to find ways to improve her managerial skills and has been encouraged to sign on for the IIM Calcutta's executive MBA programme. "They will sponsor the course, but it depends on my performance at work and eventually what my grades at this course are like," she says.

Not surprisingly, young graduates are attracted to Google India. "I was pretty clueless in college. My friends urged me to prepare my resume and apply," says Mathur. She wasn't particularly interested initially, but a "cool" article she read about Google co-founder Larry Page made a real impression. "Larry Page, apparently, walked into a big event in a pair of crocs and shorts," she says. "So, when I saw Google at the campus, I knew where I wanted to be."

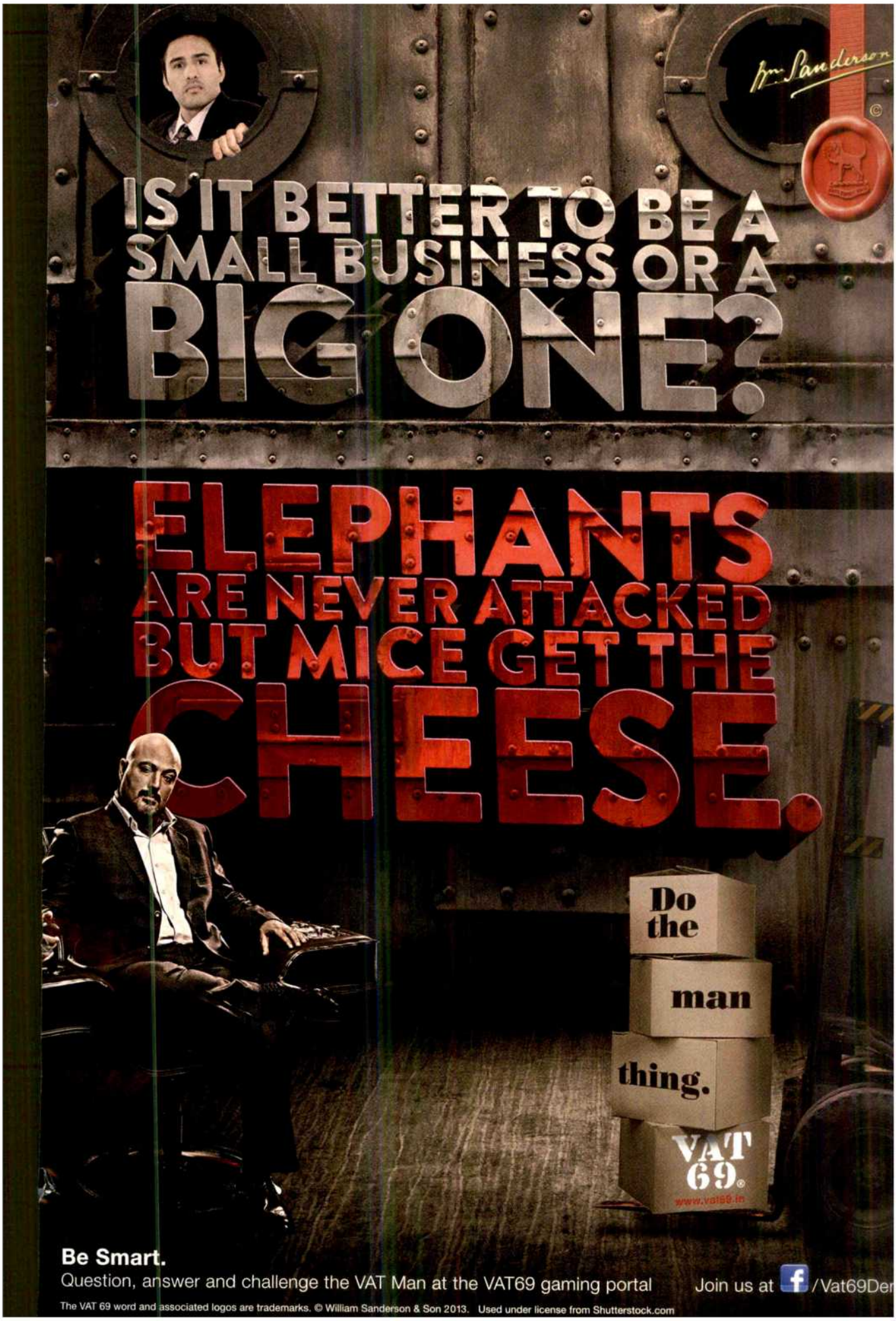
RANK 2012 **1**

SECTOR RANK **1 in Software and IT**

NO. OF EMPLOYEES **2,000**

Did not disclose data on gender diversity and average age of employees

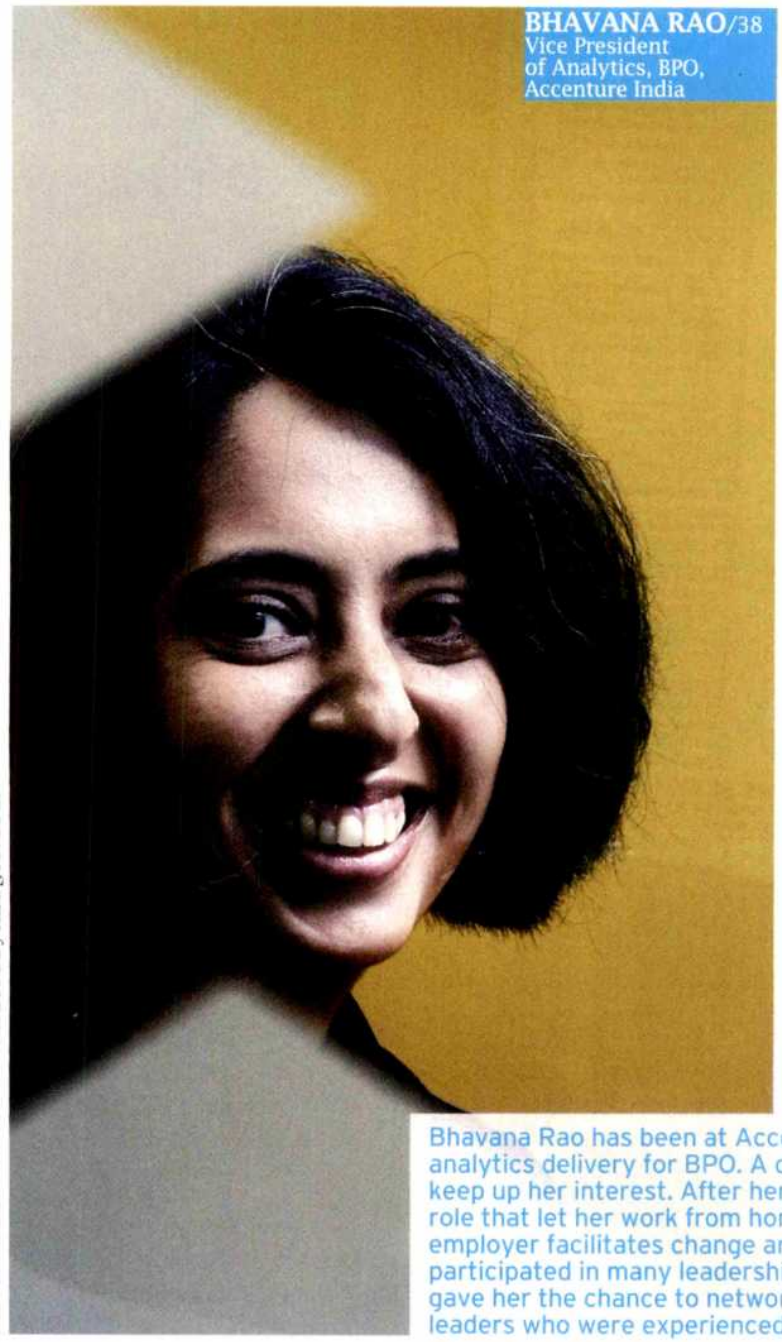
NEXT Accenture


IS IT BETTER TO BE A SMALL BUSINESS OR A BIG ONE?
ELEPHANTS ARE NEVER ATTACKED BUT MICE GET THE CHEESE.
Do the man thing.
VAT 69
www.vat69.in
Be Smart.
Question, answer and challenge the VAT Man at the VAT69 gaming portal
Join us at /Vat69De
The VAT 69 word and associated logos are trademarks. © William Sanderson & Son 2013. Used under license from Shutterstock.com

Paying Attention

By listening to its employees, Accenture India ensures that they stay engaged and happy.

By GOUTAM DAS



BHAVANA RAO/38
Vice President of Analytics, BPO, Accenture India

NILOTPAL BARUAH/www.indiatodayimages.com

Bhavana Rao has been at Accenture for a decade, and leads analytics delivery for BPO. A change of role every few years helps keep up her interest. After her first child was born, she took on a role that let her work from home more often. She says her employer facilitates change and skill upgrades. She has participated in many leadership programmes, including one that gave her the chance to network with Accenture's senior women leaders who were experienced in dealing with work-life issues.

Damodhar Bhat realised the value of working with a large organisation soon after he quit Accenture. After working there for three years, he joined a smaller consulting firm in 2008, and found projects there much less challenging. Two years ago, he decided to go back to his old company, where he is now a manager at its Delivery Centre for Technology.

Accenture offers its employees much more than a challenging work culture. It is also highly rated for its leadership development agenda. One of the beneficiaries is Renjith Parrakkott, a delivery manager for a large telecommunications project, who has been working at the company for seven years. He participated in a programme that rewards high performers with the chance to gain international experience. "I went to the United States for three years, and you get to know the other side of the spectrum, learn to manage the client, and interact with the global leadership," he says.

Accenture India now has more than 90,000 employees. Globally, it invested $850 million in 2012 on training and professional development for an average of 52 hours per person. All this investment reflects in Accenture's ranking this year – the company has climbed six

RANK 2012 **2**

SECTOR RANK **2** in Software and IT

NO. OF EMPLOYEES **Over 90,000**

Did not disclose data on gender diversity and average age of employees

spots in the pecking order, compared with 2012.

"We have focused on building local leaders who can operate in a global environment and be globally relevant. India is one of the priority emerging markets for Accenture, and is a cornerstone of our strategy," says Manoj Biswas, who leads Human Resources at Accenture India.

Senior employees want a change of role every few years, and Accenture usually obliges. The company seems to be breaking new ground in how it engages with both senior and junior recruits. "There is something called the Countdown to Accenture," says Biswas. "It is a new online tool that we launched this year, where we start engaging with every employee as and when he accepts the offer. How do you integrate and create leadership authenticity from day one? The tool handholds you as you prepare to join Accenture."

Besides, Biswas says, good talent hired from outside the company can easily be lost in a complex organisation. So the company has a focused integration programme for the first year, in which new recruits are gradually familiarised with everything from company terminology to the kind of projects they will work on.

In a year when many large IT services companies in India, such as Infosys, have struggled to keep the morale of junior employees high, Accenture says it has done reasonably well on this score. It created an online employee advisory forum – a 72-hour free-wheeling online session that enabled employees to give feedback and pitch new ideas on the company's engagement programmes. It was done town-hall style, with senior business leaders logging in and responding to ideas. The first session generated more than 100 ideas, and more such meetings are planned.

"We are a listening organisation," says Biswas. "That gives us long-term dividends."

For interview with Bhavana Rao, go to businesstoday.in/bhavana-rao

Axis Bank

IMI
INTERNATIONAL MANAGEMENT INSTITUTE KOLKATA

lustry- Academia interface with focus on ensive live projects

ceptional Infrastructure with state-of-the-art ssroom and library

ghly qualified and experienced faculty with rporate exposure

gular Guest Lecture Series

rning spectrum enhanced through tinguished Guest Lecture Series

ecutive Education spanning over all Functional as and Sectors

1 Programme-Post Graduate Diploma in Business Management, s Full Time AICTE Approved.

tive Post Graduate Diploma in Energy Sector Management, Part Time Approved

gement Development Programme and Executive Development Programme, a of :
iance & Banking
ergy Management
stainability Development & CSR
entoring for Success

Companies for Campus Recruitment of PGDM 2011-2013 (Final Placements)

Price Water House Coopers, Hindustan Unilever, Eveready, First Source, CESC, General Insurance Company and Housing Finance, Yes Bank, Philips Carbon Black Ltd, Reliance Cap, HDFC Banks, ICICI Prudential, Alstom, Schneider Electrics, Universal Cable, ICML, Raychem ...and many more.

Summer Internship 2012-2014 Batch

Bank of America, Spencer's Retail, Coal India, Volkswagen, Airtel, Maruti Suzuki, UBI, Exide, Siemens, Garden Reach, Berger Paints, Axis Bank, Allahaba Bank, ITC, Delphi Honk Kong, J K Cements, Andrew Yule....to name a few.

The Young Turk

With its youthful workforce, Axis Bank combines the finest of the public and private sectors.

By ANAND ADHIKARI

Ritanshu Kashyap, 29, joined Axis Bank as Assistant Vice President in May 2013 after working with The Nielsen Company for five years. Axis picked her up from Hyderabad's Indian School of Business, as one of a dozen women hired under a special programme to get women into leadership positions. "The idea is to encourage women to fill gaps at the mid and senior levels," says Rajesh Dahiya, President, Human Resources, Axis Bank.

Axis Bank's drive to promote women is one of the reasons why it is among the best companies to work for in India. It is one of three lenders – State Bank of India and

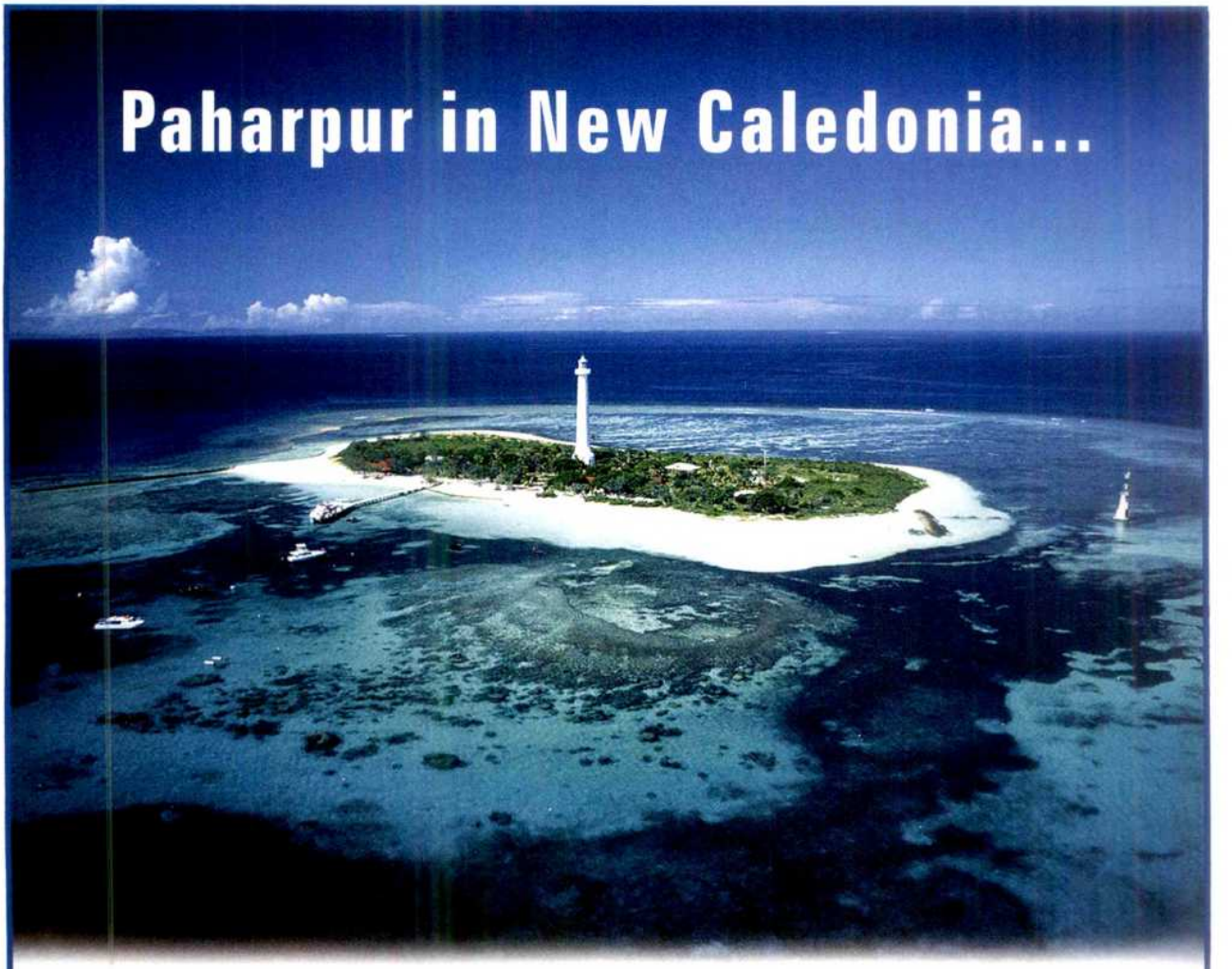
SATPREET CHELAWAT/30
Deputy Vice President, Axis Bank Ltd

The story of Axis Bank's growth is also the story of Satpreet Chelawat. The computer science graduate from Gwalior moved to Axis as senior manager in 2008 after two years at ICICI Bank. Since then her rise has been spectacular. In just two years, she became Assistant Vice President and in another two, Deputy Vice President (Retail Liabilities). She has worked across several retail divisions and now has a bigger role of drafting strategy. "I'm now working for the whole bank. I'm getting exposure to different parts of the bank from the retail to the corporate side," she says. "I want to keep learning, taking on new challenges and also adding value to the bank."

RACHIT GOSWAMI/www.indiatodayimages.com

Flipcam interview with Axis Bank employees
businesstoday.in/axisbank-employees

Paharpur in New Caledonia...



Before we supplied three large pultruded FRP sea water cooling towers for a nickel plant in New Caledonia, we thought this island territory located between Australia and Fiji was only an exotic honeymoon destination.

But ever since our first overseas job in 1969, we have exported cooling towers to over 50 countries around the world - even in the remotest corners of the planet, for ambient temperatures ranging from -30°C to +50°C, for fresh water and for sea water, for diverse applications such as in giant power plants, fertiliser plants, steel plants, paper mills, sugar mills, air-conditioning plants and so on. Some of the most discerning customers, consultants and contractors in the world have ordered Paharpur cooling towers and certified our quality and service as equal to the best anywhere.

Whether it is in Asia, Europe, Africa, Australia, the Americas... or even an island territory in the middle of the South Pacific... Paharpur has kept India proud.

PAHARPUR

Your Full-Service Cooling Technologies Company

www.paharpur.com

P013-01a/SMC

Paharpur Cooling Towers Ltd

Paharpur House, 8/1/B Diamond Harbour Road, Kolkata - 700 027, INDIA

Phone : +91-33-4013 3000 • Fax : +91-33-4013 3499 • pctccu@paharpur.com

AIR-COOLED HEAT EXCHANGERS | **COOLING TOWERS** | **AIR-COOLED STEAM CONDENSERS**

HDFC Bank are the other two – to make *Business Today*'s list of winners. Its biggest draw is the manner in which it combines the best of the public and private sectors. The bank was promoted by UTI , LIC, GIC and four stated-owned general insurance companies – and the initial top management team came from UTI and other banks such as State Bank of Bikaner & Jaipur. "They understood the complexity of running a bank," says Dahiya, who joined Axis Bank in June 2010 after working with the Tatas for almost two decades. "Public sector units have their strengths in terms of the rigour of their HR processes," he adds.

Despite its public sector foundation, Axis is not a fuddy-duddy government bank with an ageing workforce. It is a market-savvy private sector bank with a youthful image: the average age of its 37,901 employees is 29 years. Dahiya says managing a young workforce requires an attitude change and understanding from leaders. "It's a challenge and an opportunity. You have to also empower them," he adds.

With so many young people on its rolls, the bank is going that extra mile to understand them and engage with them. It has set up an internal social networking system called JAM, which already has 5,000 people hooked. One senior bank official, P. Mukherjee, head of Large Corporate and International Banking, has been using JAM to hold focused discussions on business with his product teams. People don't just talk work, but also post movie reviews or write about cricket on the site.

The bank's young and open culture is evident when you walk into its headquarters in Mumbai. The new building has an auditorium, a gymnasium with yoga and aerobics, a library, breakout zones, training rooms, in-house doctors and resting rooms. "The workplace means a lot," says Dahiya of the new eight-floor headquarters where the bank shifted in January 2011. "Communication has become much easier."

The ground floor auditorium too buzzes with activity. Eminent corporate leaders are often invited to deliver guest lectures, which help the youth brigade broaden its horizons. Recent guests have included N. Chandrasekaran, Managing Director and CEO of TCS; Aditya Ghosh, President and Executive Director, IndiGo Airlines; and Kirthiga Reddy, Head, Facebook India Not surprisingly, the bank is managing its attrition rate well. "We are nine per cent in a world where 20-plus is a norm," says Dahiya.

One of the biggest attractions at India's third-largest private sector bank in terms of assets is its emphasis on creating and nurturing leaders. The purpose of developing senior leaders is to ensure succession planning. "We have identified the top 500 people from Managing Director to vice presidents," says Dahiya. "Each of these people should be trained to take on their bosses' roles at some point of time," he adds.

But Axis isn't just focused on developing its top talent. The bank has also been on a hiring spree because of its growing focus on retail banking in the past few years. The earlier focus was primarily on corporate banking. It recruited 15,000 people last year, as the scorching pace at which the bank has grown requires technological upgradation and greater focus on meeting customer expectations. The bank's deposits and advances have grown at a compound annual growth rate of 23 to 26 per cent in the past five years while income and profitability have jumped 30 to 37 per cent in the same period. This growth came at a time when the banking industry was the hardest hit sector after the global financial meltdown in 2008.

He adds that a bank's operations are not just about processes and technologies, but also service and customers. That is the reason why Axis pays special attention to training its staff, and MD and CEO Shikha Sharma often reminds people that the bank is actually in the branches where there is a customer interface. "Our beliefs and value system are held very closely by the top management," says Dahiya. "These have to percolate down to the new people who are joining." And to achieve that, the biggest challenge for Sharma and Dahiya is to get the communication right.

RANK 2012 **17**

SECTOR RANK
1 in BFSI*

NO. OF EMPLOYEES
37,901

FEMALE/MALE RATIO
1:3

AVERAGE AGE OF EMPLOYEES
29

AVERAGE RATE OF ATTRITION
9%

*Banking, Financial Services and Insurance

NEXT Indian Railways

CRAFT THE FUTURE OF COMMUNICATIONS WITH US

At Amdocs, we embrace challenges of the connected world with our futuristic customer experience solutions. We constantly surpass the threshold of impossibilities and provide thought leadership to the telecom world. Our excellence in nurturing next generation leaders who reshape the landscape of communications technologies, makes us an outstanding workplace.

Experience the zeal to lead... Be a leader for life.

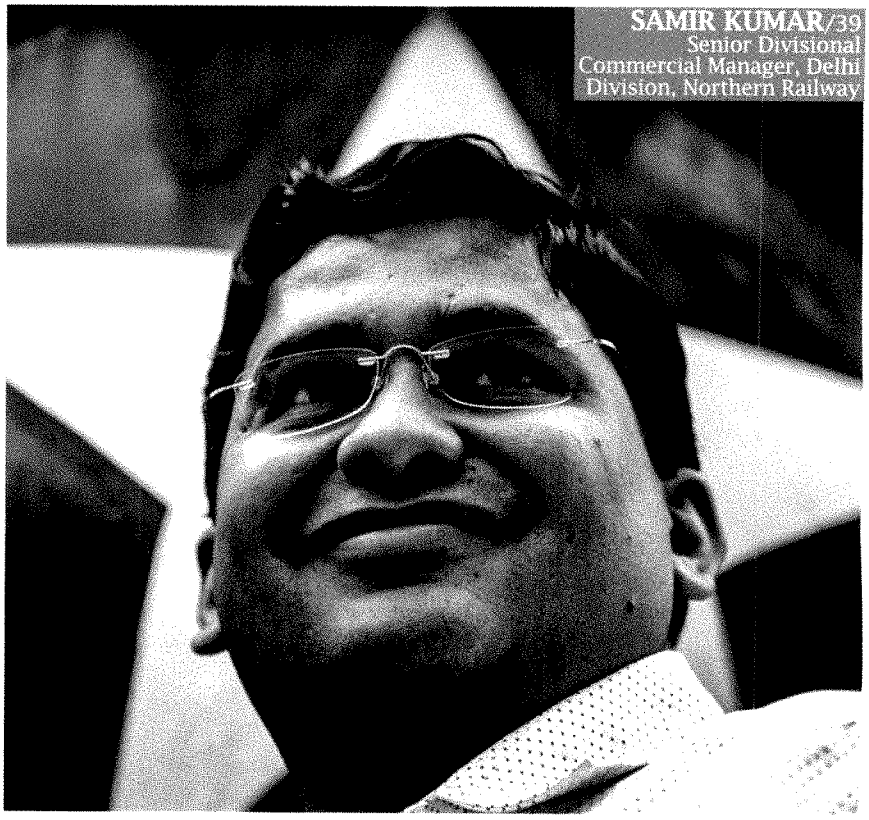
Leaders in Telecom Software Solutions

amdocs

embrace challenge eXperience success

www.amdocs.com/careers
www.facebook.com/AmdocsIndia

Samir Kumar joined the Indian Railway Traffic Service in 1999, aged 26. Today, he handles the commercial department of the Delhi division and has about 4,000 people – train ticket inspectors, reservation staff, etc – reporting to him. He finds his living conditions extremely congenial, having been allotted spacious 'quarters' in a railway colony in Delhi's Connaught Place. He has been posted all over the country and prizes his varied experiences, including an occasion when – posted in Dhanbad – he had to tackle the abduction of an entire trainload of passengers by Maoists. "We are not merely transporting people," he says.



SAMIR KUMAR/39
Senior Divisional Commercial Manager, Delhi Division, Northern Railway

VIVAN MEHRA/www.indiatodayimages.com

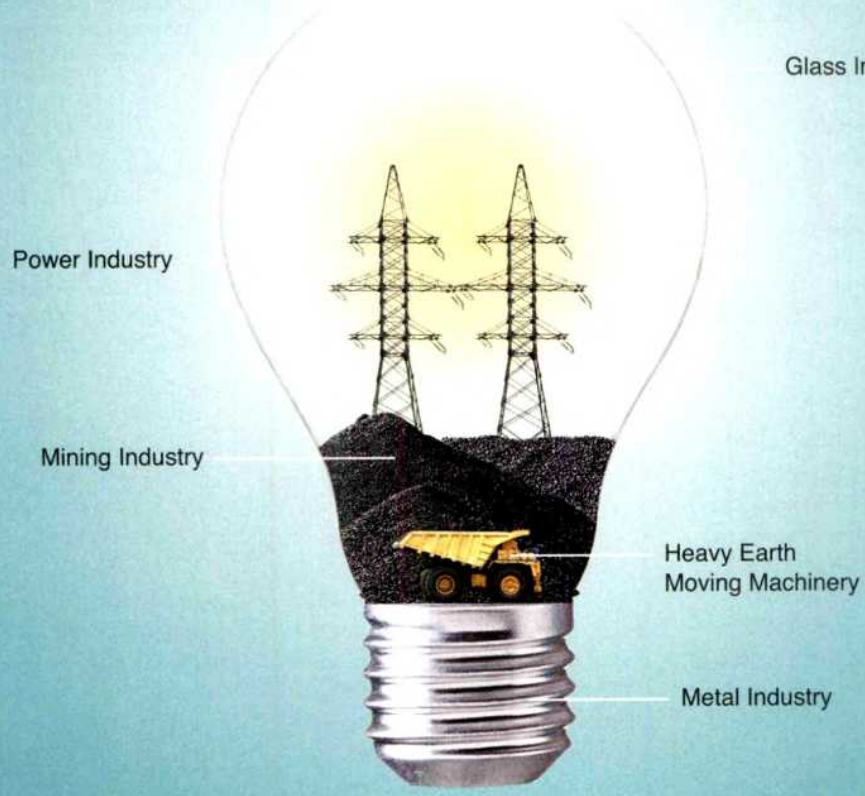
Mother of All Joint Families

With a staff of 14 million, whom it cossets with benefits, Indian Railways is an employer like none other.

By ARUNIMA MISHRA

Oshin Makkar was 17 when her father, a senior clerk with the Northern Railway and her family's sole breadwinner, died. How were she and her mother to manage? No problem – the Railways has a 'compassionate grounds' scheme by which, if an employee dies while in service or a non-gazetted one has to retire for medical reasons, a member of his family is entitled to a job in his place. Now 20, Makkar has been with the Railways for three years and is simultaneously pursuing her graduation. She hopes to be a chartered accountant. "My future is safe and secure," she says.

The compassionate grounds scheme – which has helped 1,772 people so far in the Delhi division alone – is only one of numerous benefits Indian Railways (IR) provides its



We help industries run seamlessly, so that you can empower your life every day.

Working behind every industry, there's a silent performer – Fenner. With a wide range of mechanical power transmission and sealing products, Fenner is the driving force for every industry including textile, automobile, food, cement, coal, mining, steel, agriculture, paper, power and many more. Developed to enhance production efficiency and help save energy at the same time, Fenner products last longer and are trusted as the most reliable by industries across the globe.

No wonder customers choose 'Fenner First', which has made Fenner the undisputed market leader with a rich legacy of over five decades. So every time you switch on the lights at home, do remember that Fenner has been working tirelessly behind the scenes for it.

Fenner

J.K. Fenner (India) Limited,
Khivraj Complex - II, 480, Anna Salai, Nandanam, Chennai - 600 035.
Phone: +91 44 2431 2450 - 57 **Fax:** +91 44 2432 0193
Email: ptd_mbo@fennermail.com

Fenner 1st

www.fennerindia.com

THE BEST COMPANIES TO WORK FOR

See interview with R.R. Prasad, businesstoday.in/railways-prasad

RANK 2012 **19**

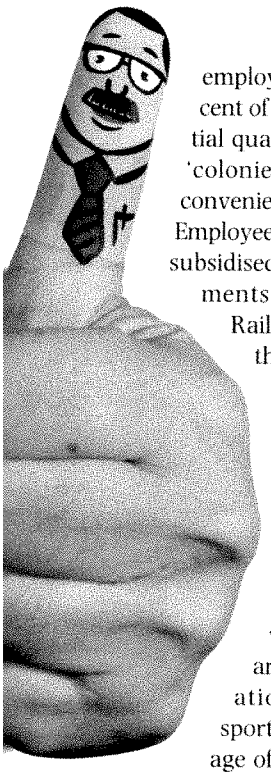
SECTOR RANK **1 in 'Others and Diversified'**

FEMALE/MALE RATIO **1:139**

NO. OF EMPLOYEES **14mn**

AVERAGE AGE OF EMPLOYEES **37**

AVERAGE RATE OF ATTRITION **2 per cent [Group-A officers]**



employees. Around 44 per cent of the staff has 'residential quarters' within railway 'colonies' that have all the conveniences residents need. Employees are also entitled to subsidised meals and refreshments at any of the 253 Railway canteens across the country. There are Railway schools and inter-colleges for their children, passes for free rail travel for the whole family, there is free medical care in Railway hospitals (and elsewhere if the need arises), there are recreational facilities and sporting events. "In this age of cut-throat competition, the Railways offer job security as well as job satisfaction," says Leena Anand, Chief Law Assistant, Legal Cell, Northern Railway.

The statistics are mindboggling. With staff strength of 14 million, IR, which completed 160 years in April this year, is the biggest employer in the country. In 2012/13 alone, it recruited 156,000 more employees, including 8,500 (Group A) officers. Its network is the biggest in Asia after China's with 12,000 passenger trains and 4,000 freight trains carrying 23 million passengers – the equivalent of Australia's population – and 2.65 million tonnes of freight, respectively every day. "The job is demanding as trains run 24/7. You have to be alert to fix the glitches if any arise," says Vivek Sharma, 33, Assistant Operations Manager, Freight Movement, Ambala. "But IR takes care of you."

It is not only employees' personal needs that IR cares about. Professional growth is looked after too. IR began its training programme in the mid-1980s and now has seven training institutes for officers and 270 training centres for non-gazetted staff spread all over. "We do not want our people to stagnate," says Himadri Moharana, Director, Training, Railway Board. Every year around 320,000 staff members and 7,500 officers undergo training, with IR's training budget being progressively raised. In 2011/12, it spent around two per cent of its salary budget on training, and in 2012/13, two and a half per cent.

"Since safety is very important in the organisation, our employees have to undergo regular refresher courses," says R.R. Prasad, Executive Director, Manpower Planning and Training, Railway Board. "For loco-pilots, for instance, it is once every three years, for gatemen, once every five years." Even railway employees of other countries where IR is helping to build railway networks have been trained at these institutes, entirely for free, for the past six to seven years.

Employees with up to 12 years of experience are periodically sent not only to the Railways' training institutes, but also to the Indian Institutes of Technology and the Indian Institutes of Management for short courses. Those who have worked 15 to 18 years go to the National Academy of Indian Railways, Vadodara, for a two-week course, followed by a week each at leading business school INSEAD in Singapore and leadership training centre, ICLIF, in Kuala Lumpur. After 24 to 25 years of service, officers, who have now reached deputy regional manager level, go to business school HEC, in Paris, for two weeks. General managers with 30 years' experience spend a week at the Stern School of Business, New York University.

The sheer size of IR also ensures there is room to nurture diverse talents. "If someone likes teaching, he can be posted at the centralised training institutes," adds Moharana. "If someone is interested in film-making, he can make documentaries on the Railways. If someone is scientifically inclined, he can go to the Railways' Research Design and Standards Organisation in Lucknow."

Finally, the key element that determines the attraction of any organisation: what's the pay like? At IR, the average wage per employee rose by 15.91 per cent to ₹456,807 per annum in 2011/12 from ₹394,112 in 2010/11. With the implementation of the Sixth Central Pay Commission's recommendations, salaries are now 40 to 50 per cent higher than in 2006. The attrition rate is low, around two per cent at best at the officer level – rarely do people quit IR unless they get extremely lucrative offers.

Now, like other government employees, Railways' staff too waits expectantly for the Seventh Pay Commission's report, likely in 2016.

DMRC

KIIT UNIVERSITY

Declared U/S 3 of UGC Act, 1956

KIIT University has fast emerged as a centre of excellence in the field of education in India. Just within 15 years of its inception in 1997, it has become one of the top educational institutions of the Country. KIIT University is a member of prestigious national and international organizations such as International Association of Universities (IAU), Association of Indian Universities (AIU), Association of Commonwealth Universities (ACU), University Mobility of Asia and the Pacific (UMAP), Association of Universities of Asia and the Pacific (AUAP). Academic programmes of KIIT University are conducted by its various constituent schools.

Academic Programmes

School of Civil Engineering
B.Tech, M.Tech, Ph.D, PDF

School of Mechanical Engineering
B.Tech, M.Tech, Ph.D, PDF

School of Electrical Engineering
B.Tech, M.Tech, Ph.D, PDF

School of Electronics Engineering
B.Tech, M.Tech, Ph.D, PDF

School of Computer Engineering
B.Tech, M.Tech, Ph.D, PDF

School of Computer Application :
Bachelor of Computer Application (BCA), Master of Computer Application (MCA)

School of Law :
Five-year Integrated Dual Degree Programme, B.A.LL.B., B.B.A.LL.B., B.Sc.LL.B., Two-year Postgraduate Degree Programme LL.M., Ph.D, PDF

School of Management :
Bachelor of Business Administration (BBA), Master of Business Administration (MBA), Ph.D., PDF

School of Rural Management :
Master of Business Administration (MBA) in Rural Management, MBA in Agribusiness Management, Ph.D., PDF

School of Biotechnology :
Master of Science in Biotechnology (M.Sc. Biotechnology), Master of Science in Applied Microbiology (M.Sc.-Microbiology), Biotechnology (B.Tech/M.Tech), Ph.D., PDF

School of Fashion Technology:
Bachelor of Design (Fashion / Textile)

School of Film and Media Sciences :
Bachelor of Film & Television Production (BFTP)

Kalinga Institute of Medical Sciences (KIMS) :
M.B.B.S.
P.G. Medical (M.D)

Kalinga Institute of Dental Sciences (KIDS) :
B.D.S.

School of Nursing :
B.Sc. Nursing, M.Sc. Nursing, Diploma in General Nursing & Midwifery

School of Fine Art :
Master of Fine Art (Sculpture)

KIIT University, At/PO-KIIT, Bhubaneswar-751024, Odisha, INDIA, Tel. : +91 674 2725113, 2741998
Fax : +91 674 2740326, Email : kiit@kiit.ac.in, Website : www.kiit.ac.in

VIVAN MEHRA/www.indiatodayimages.com

AMIT KUMAR JAIN/35
Deputy General Manager, Train Operations; and Principal, DMRC's training institute

DMRC's strong work ethic makes it one of the best companies to work for in India. Consider the example of Amit Kumar Jain. On deputation to DMRC from the Indian Rail Traffic Service since 2009, Jain's hard work has not gone unnoticed. He joined as Deputy General Manager (DGM), Marketing, and within a year was given the additional responsibility of DGM, Operations. In 2012, he was also made Principal of DMRC's training institute. "DMRC has given me multiple roles, while I was only into traffic management in Indian Railways," says Jain. A B.Tech from IIT Roorkee and an M.Tech from IIT Delhi, Jain has also travelled overseas extensively to understand how metro services operate globally. "In terms of technology, DMRC is way ahead of metros in other parts of the world such as Paris or London," he says.

Right on Track

With its employee-centric policies, Delhi Metro has emerged as a sought-after company in the job market.

By ARUNIMA MISHRA

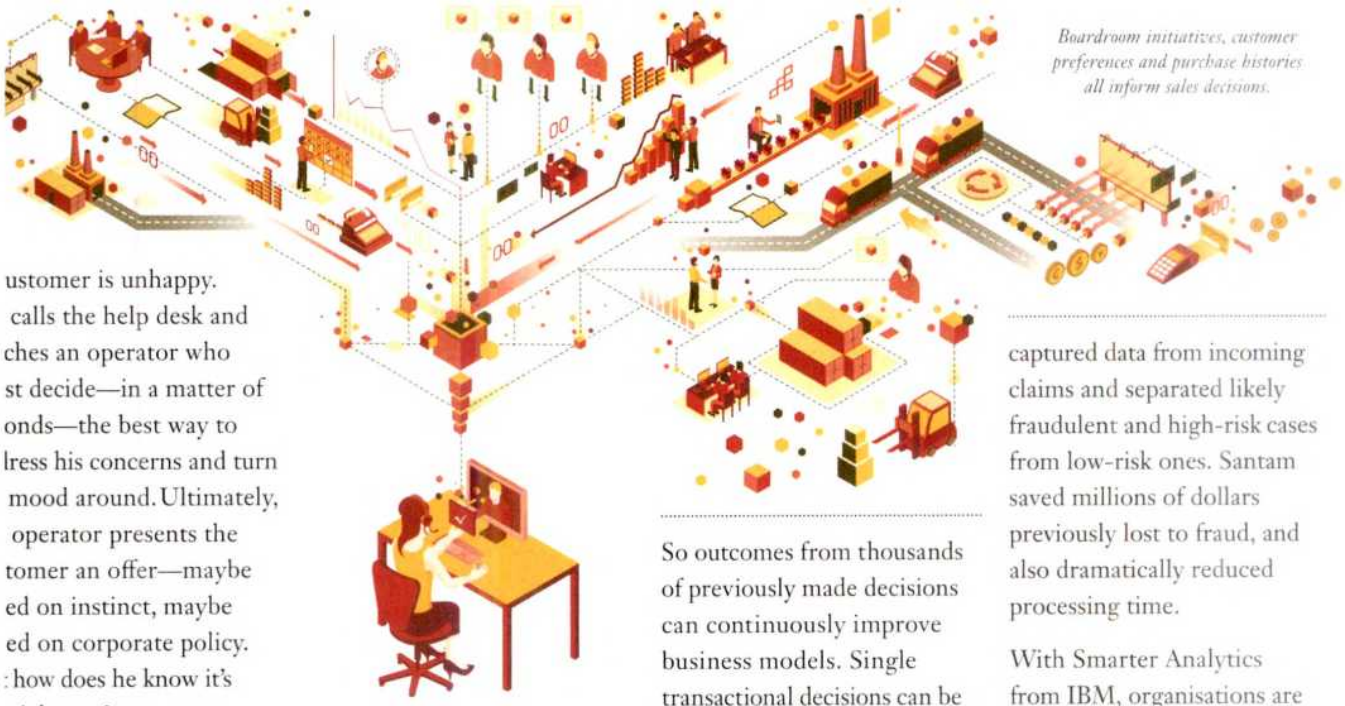
Delhi Metro Rail Corporation (DMRC) is fast emerging as a respected brand in the job market. A professional work culture has helped the company leapfrog into the top 25 of *Business Today*'s list of best companies to work for in India.

DMRC has seen heavy recruitment over the last few years as it scaled up to commence metro services in the national capital. The company, registered in 1995, began operations in 2002. Along the way the number of employees has grown – from 2,400 employees in 2004 to about 8,000 now, of which 577 (approximately seven per cent) are officers, while the rest are non-executive staff.

DMRC follows a rigorous recruitment procedure to ensure that only the best make the cut. It recruits in three steps – written exam, inter-

Flipcam interview with Karan Singh at businesstoday.in/dmrc-karansingh

AUGMENTING INTUITION:



Boardroom initiatives, customer preferences and purchase histories all inform sales decisions.

ustomer is unhappy.
calls the help desk and
ches an operator who
st decide—in a matter of
onds—the best way to
lress his concerns and turn
mood around. Ultimately,
operator presents the
tomer an offer—maybe
ed on instinct, maybe
ed on corporate policy.
: how does he know it's
right one?

ıt feel is great for everyday oblems. But, it often leads us tray when we're presented 'th complex streams of formation. We can be blinded the newest and nearest data ıint and miss the big picture."

***Nate Silver**, statistician, author and writer for* The New York Times

ta from inside the company
:e trend reports) and
m the customer himself
:e social media activity)
ely holds the answer. But
ployees don't have the
ols to process such a
ggering amount of ever-
anging data fast enough.

For one single decision, that doesn't seem like a very big problem. But how many decisions are made in your organisation every day? Together, they can significantly impact your bottom line.

MORE THAN A GUT FEELING.

A new approach to decision making can help employees see the best next steps at every single touch point. By integrating predictive analytics, business rules and optimisation, decision management solutions from IBM can enable real-time, adaptive decisions. Turning data and decision trees into insights and actions.

So outcomes from thousands of previously made decisions can continuously improve business models. Single transactional decisions can be optimised. And recommended actions can be delivered where they'll have the most impact.

ARMING EMPLOYEES WITH ANALYTICS.

A SOLID RECOMMENDATION.

That's what Santam Insurance did. Using an advanced analytics solution from IBM, the South African company captured data from incoming claims and separated likely fraudulent and high-risk cases from low-risk ones. Santam saved millions of dollars previously lost to fraud, and also dramatically reduced processing time.

70x

IBM helped Santam Insurance automatically assess fraud risk and settle legitimate claims 70 times faster.

With Smarter Analytics from IBM, organisations are arming employees with the information they need to make decisions more informed, recommendations more adaptive and outcomes more profitable. Learn more at **ibm.com/decisionmanagement/in**

LET'S BUILD A SMARTER PLANET.

IBM®

the IBM logo, ibm.com, Smarter Planet and the planet icon are trademarks of International Business Machines Corp, registered in many jurisdictions worldwide. A current list of IBM trademarks is available on the Web at

view, followed by a medical test. All the new employees are then given extensive training at its training institute at Shastri Park in Delhi – the only one of its kind in South Asia. They are put through customised training modules on all aspects of operations and maintenance of rail-based urban transportation systems.

The workshops include team-building exercises and simulated training programmes – metro train drivers, for instance, gain hands-on experience on simulators before they drive the train. "On-time performance is one of the first few lessons here as we are providing services. We train staff from other metro systems also such as Bangalore Metro, Chennai Metro, Jaipur Metro, Mumbai Metro, Rapid Metro and Kochi Metro," says Amit Kumar Jain, Deputy General Manager, Train Operations, as well as Principal at DMRC's training institute.

Select DMRC executives have to undergo additional training. A batch of 20-odd technical officers, for instance, is sent to IIT Delhi annually for a one-year full-time programme – postgraduate diploma in Metro Technology and Management – sponsored by DMRC. The company spends ₹7 lakh on such candidates every year, which includes a monthly stipend of ₹25,000 and free accommodation. So far 105 officers in five batches have been trained, while a sixth batch will be sent to the classroom on July 20. "Besides, there are other two-day, three-day specialised training programmes. The University of Tokyo also takes three DMRC technical officers for a course on transport engineering with a scholarship for three months every year," says Karan Singh, Executive Director, HR, DMRC.

Besides investing heavily in training its workforce, DMRC also provides perks to its employees to retain talent. As many as 20 per cent of its employees are provided residential flats – this number is expected to rise to about 33 per cent over the next few years. A (non-executive) DMRC employee is also entitled to a home loan of ₹15 lakh, and it goes up to ₹20 lakh at the executive level. DMRC also pays for the medical treatment of staff at leading private hospitals, such as Max and Fortis.

The salary compensation is about ₹36,000 for a junior engineer, while a senior administrative grade officer, equivalent to a joint secretary in government jobs, gets ₹1.7 lakh. The average compensation is about 20 to 25 per cent higher than at Indian Railways.

High Churn

A highly trained workforce, however, has also meant high attrition at DMRC – particularly with the planned introduction of metro services in other big cities in India such as Hyderabad, Chennai and Jaipur. (Bangalore Metro has already begun operations.) DMRC is the only place that has skilled manpower for these projects. "As 40 per cent of the loco drivers are graduates, B. Tech degree holders who otherwise should have been assistant engineers in IT companies, it is inevitable that they will always be looking out for better profiles," says Singh. Of its 8,000-odd employees, only 4,000 have been with DMRC for about three years or more, and nearly 3,500 employees have left since 2002.

People keep trying for better opportunities, says Singh, who has been on deputation to DMRC from Indian Railways for seven years. He, however, points out that the attrition level at DMRC is still between eight to 10 per cent annually, much lower than in some other sectors such as IT, where it is 30 to 40 per cent. "Our recruits do find better avenues outside DMRC. Old-timers at DMRC have a higher level of commitment as earlier it was a limited team, resulting in higher levels of motivation," says Singh.

Indeed, given the brand equity of DMRC in the job market, employees say they keep getting job offers from the private sector as well as PSUs, sometimes with a big increase in their compensation levels. However, the work culture at DMRC makes many loyal employees. "There is no better organisation than DMRC. I am paid less here than in my previous organisation but it is the work culture that is driving me," says K.K. Saberwal, Director, Finance, who has served DMRC for over four years in two stints. "I can take decisions quite fast here and that has ensured job satisfaction. DMRC's management is 100 per cent committed to its employees," he adds.

RANK 2012 **23**

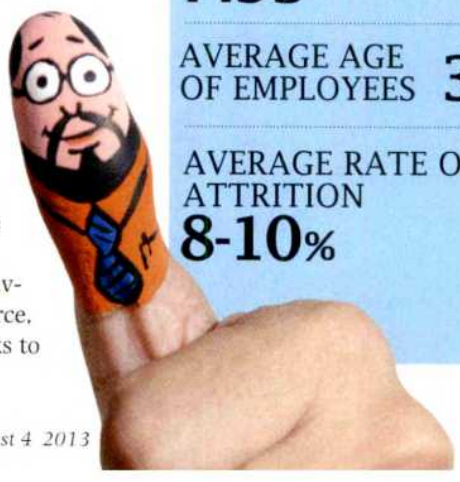
SECTOR RANK
2 in 'Others and Diversified'

NO. OF EMPLOYEES
8,000

FEMALE/MALE RATIO
7:93

AVERAGE AGE OF EMPLOYEES **30**

AVERAGE RATE OF ATTRITION
8-10%



NEXT Abbott Labs

SANDVIK
Coromant

A NEW TECHNOLOGY STANDARD

"I couldn't believe the test results."

Tarun Bhargava – Bajaj Motors, India

Watch the film

www.sandvik.coromant.com/machiningchallenges

Vishal Kaushik joined the Indian School of Business, Hyderabad, after serving as a doctor in the Indian Army. He then joined Abbott India Ltd as a senior marketing executive. Within months, he realised it was difficult to grasp the core of an industry without previous experience in it. His mentor, Rehan Khan, suggested he spend some time as a medical representative to understand the job. "For six months, I carried a medical representative's bag in Mumbai, waiting for four to five hours in a doctor's clinic just to make my call. It was very challenging, but now I know the heart of it," he says. He hopes to use this knowledge in Vietnam, Thailand, Malaysia or Brazil, when posted in one of these countries next year.

VISHAL KAUSHIK/32
Senior Marketing Executive, Abbott India Ltd

NISHIKANT GAMRE/WWW.INDIATODAYIMAGES.COM

What the Doctor Ordered

Abbott's people-friendly policies make it an attractive workplace.

By SUPROTIP GHOSH

Anant Jain, 31, made a radical professional switch about four years ago. He joined the finance team at US pharmaceuticals giant Abbott Laboratories's Indian arm after a stint in the consumer goods industry. It was a whole new world, but Abbott made it easier for him: it enrolled Jain in an executive MBA programme at the Indian Institute of Management, Calcutta to help him learn the nitty-gritty of financial forecasting.

Over the next few years, he honed his skills and today, the company is moving him to Dubai to

JIS GROUP PARTNERS WITH MICROSOFT'S ED-VANTAGE AND IS ONLY NODAL FOR ALL OF EASTERN INDIA

Our Partnership can be your Achievement

Microsoft | Ed-Vantage

Dr. Sudhir Chandra Sur Degree Engineering College is the First Ed-Vantage Platinum Campus in Eastern India

The Ed-Vantage Platinum Campus status also given to **JIS College of Engineering** and **Asansol Engineering College**

The first 3 **Microsoft Innovation Centers** in Eastern India to be set up in JIS Group colleges

JIS Group Educational Initiatives

The Largest Educational Conglomerate in Eastern India

Affiliated to WBUT | Approved by AICTE | NAAC Accredited Institution
NBA Accredited Streams | TEQIP Grant by World Bank Project

SMS Query to 56767

COURSES OFFERED

B.TECH | M.TECH | B.PHARM | M.PHARM | D.PHARM | BCA | MCA | BDS | MDS
BBA (H) | MBA | HOSPITAL MANAGEMENT | DIPLOMA ENGINEERING
HOTEL MANAGEMENT | B.SC (H) MICROBIOLOGY | B.SC (H) BIOTECHNOLOGY
M.SC BIOTECHNOLOGY | B.SC GENETICS | M.SC GENETICS

22 INSTITUTIONS
58 PROGRAMMES
21000 STUDENTS

Our Placements

International Recognized Corporations- Microsoft, Google, WIPRO, Infosys, IBM, CTS, TCS, ITC Infotech, Oracle, Tech. Mahindra, CDAC etc.

Prestigious Govt./Public Sectors- ONGC, BARC, ISRO, ISI, UBI, NTPC, Power Grid, Milk Federation and the Indian Army.

Many of our students are placed with a salary package of upto ₹10 lakhs p.a.

Our Distinctions

60 years of experience in industry and 16 years in education

1st Autonomous Private Engineering College in West Bengal - JIS College of Engineering

Knowledge Partners: Oracle, Microsoft, WIPRO, IBM, Infosys, TCS, CTS & Asian Institute of Technology, Bangkok

Awarded as Asia's Most Promising Brand in Educational Sector*

JIS GROUP
Educational Initiatives

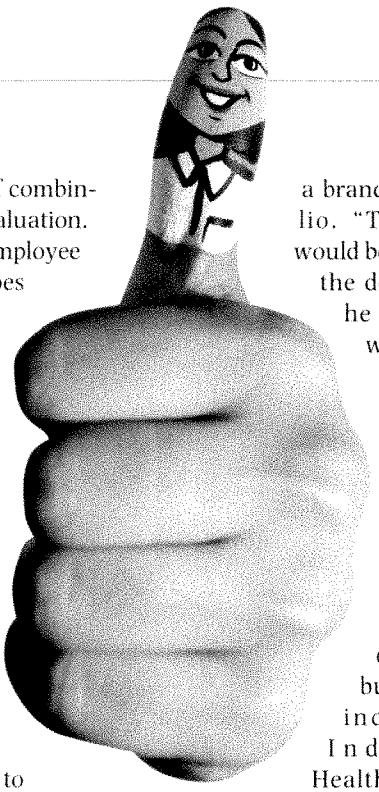
Our Selected Colleges Across West Bengal

JIS College of Engineering- Kalyani- Ph. 94320 11490
Narula Institute of Technology- Agarpara- Ph. 89024 96650
Guru Nanak Institute of Technology- Sodepur- Ph. 94320 12681
Guru Nanak Institute of Dental Sciences & Research- Sodepur- Ph. 94320 12562
Guru Nanak Institute of Pharmaceutical Science & Technology- Sodepur- Ph. 89024 96653
Guru Nanak Institute of Hotel Management-Sodepur- Ph. 98361 06964
Dr. Sudhir Chandra Sur Degree Engineering College- Dum Dum- Ph. 89024 96652
JIS School of Polytechnic- Kalyani- Ph. 94320 11490
Greater Kolkata College of Engineering and Management-Baruipur (JV)- Ph. 96746 86236
Abacus Institute of Engineering & Management- Mogra (JV)- Ph. 98836 60434

*Validated by Consumers & Industry- a World Consulting & Research Corporation (WCRC) and ibrands 360 research initiative. Process Advisors & Evaluators KPMG in India.

Corporate Office: Dwarka, 1st Floor, 7 Sarat Bose Road, Kolkata-700 020 | Help Line: 94320 12563 | www.jisgroup.org

THE BEST COMPANIES TO WORK FOR



handle financial planning and analysis for the entire region. "You can walk up to the country manager and speak your mind. Abbott engages employees at a deeper level; there are moments you realise everyone's human," he says. "I have to prepare business forecasts for the long term. It is part of my profile to constantly challenge the numbers so that we can prepare something that's achievable."

Jain could not have climbed the professional ladder so fast without Abbott's supportive approach. The Abbott group is rated one of the country's best places to work because of its people-focused policies – it helps staffers every step of the way so they can attain their personal goals and, in turn, help the organisation achieve its overall goals. The human resources team works to chart detailed development plans for every employee which are reviewed at regular intervals. Abbott begins by setting short-term 30-day goals for employees, evaluates the targets achieved at the end of the month and then repeats the process after 60 days and 90 days. "Our goal is to provide employees with a clear career path through functions, timelines and reviews," says Bhasker Iyer, Vice President, Established Pharmaceuticals, a division of Abbott Laboratories.

All companies have annual goals and reviews as a matter of routine. What sets Abbott apart is its unique model of combining training and evaluation. Every time a new employee joins, he or she goes through an elaborate three-month orientation compared with a week at most other companies. Iyer says Abbott has developed a "70:20:10 model" of employee training and appraisal. In line with this ratio, the largest chunk of the business plan is devoted to enhancing staff ability through on-the-job learning, while mentoring and training fill any skill gaps that may still exist.

Abbott is a people-focused group that isn't afraid to think out of the box while hiring. The company hired Vishal Kaushik, a former army doctor with an MBA from Hyderabad's Indian School of Business (*see box*) and provided him a way to understand marketing through sales. Abbott provided all the support he needed to adjust to a task that would be unthinkable for a doctor – working as a visiting medical representative. Kaushik went from one doctor's chamber to another for six months marketing Abbott's neuropsychiatry products. Today, he handles the marketing of a brand from that portfolio. "The funny thing would be the expression on the doctor's face when he realised a doctor was doing a medical representative's job. Sometimes it was difficult to explain why I was doing it, but in the end, it has worked out well," he says.

Abbott Laboratories has many businesses in India, including Abbott India, Abbott Healthcare and Abbott True Care. The group, which has more than 12,000 people on its rolls in India, is best known for its Brufen and Digene brands. It also makes stents, neuropsychiatric drugs and nutritional products. In 2009, Abbott Laboratories paid $3.7 billion for Piramal Healthcare's formulations business in one of the biggest deals in the Indian pharmaceuticals sector. At the end of the day, Abbott's structure and systems have one long-term goal: financial profitability. The group's revenue from various businesses in the country was about $900 million (₹5,371 crore) last year. It expects sales to top $2.5 billion by 2020.

Company officials say hiring the right talent is key to their business strategy. Abbott focuses on a candidate's behavioural traits and prior responsibilities while choosing. While psychometric tests may provide pointers on certain parameters, they can be difficult to calibrate every trait the company thinks is suitable for a particular job profile. "It is people who provide results," says Iyer, who himself plays a mentoring role for top company officials.

RANK 2012 24 | **SECTOR RANK 1 in Pharma & Health-care**

NO. OF EMPLOYEES 12,000 | **AVERAGE AGE OF EMPLOYEES 28**

Did not disclose data on diversity & avg. attrition rate

Next IT Cos ▸

ORGANIC INDIA

Holy Basil in *Exotic Flavours!*

TULSI GREEN TEA

et back in shape the healthy way with Tulsi Green Tea. The double benefit of Tulsi and Green Tea give you a healthy metabolism hat makes weight management asy. Their rich antioxidants help prevent ageing, letting you look good and feel healthy.

Also Available in these flavours

TULSI GREEN TEA POMEGRANATE	TULSI GREEN TEA LEMON GINGER	TULSI JASMINE GREEN TEA
The restorative wonders of Tulsi are infused with a bright burst of pomegranate and elderberries and blended with nutrient rich Green Tea. Uplift your energy, enhance your well being and charm your taste buds with delight.	Awaken your senses with this transformative blend of Tulsi bursting with the goodness of ginger, accented with fresh lemon and blended with nutrient rich Green Tea. This exotic blend is great for digestion too!	Refresh and rejuvenate your senses with this exotic blend of Tulsi and jasmine flowers with green tea, chamomile and spiced with hint of ginger. Every sip will have you feeling full of life!

For product Availability Please Contact: saurabhtiwari@organicindia.com, www.organicindia.com

No More Pampering

IT companies are losing their sheen among employees, as the global slowdown takes its toll.

By GOUTAM DAS

IMAGING BY SANTOSH

Dileep Murthy was recruited by India's largest IT services exporter, Tata Consultancy Services (TCS), in 2009 from the Dr Ambedkar Institute of Technology, Bangalore. The mechanical engineering graduate underwent training in software development soon after joining. Eight months ago, he quit TCS to join automobile component manufacturer Meritor Commercial Vehicle Systems where salary levels, he found, were 35 to 40 per cent higher than in the IT services industry at his level. At TCS, "I was doing well and got promoted too. But as a mechanical engineer, I wanted to work in a more product-oriented company. My expectations were different," Murthy says.

Manufacturing companies usually struggle to get employees such as Murthy. India's IT industry – one of the country's largest employers with a workforce of nearly three million – often mops up all the good engineering students, much to the dismay of other industries. But this paradigm seems to be changing.

The IT industry's growth rate has halved ever since the global recession battered its primary revenue markets. The industry, which enjoyed growth rates of above 30 per cent in the 2003 to 2008 years, before Lehman Brothers went belly up triggering a global slowdown, is now growing at under 15 per cent. In 2012/13, according to industry lobby NASSCOM, IT-BPO exports and domestic market revenues totalled $108 billion, just seven per cent up from the previous year. In 2011/12, the figure was 15 per cent.

Lower growth rates and continued uncertainty in the IT industry's export markets have started reflecting in the industry leading to lower hiring, niggardly promotions and timid salary increments. The salary differential Murthy discovered at Meritor is not because manufacturing firms have suddenly jacked up pay packets. It is because salaries in the IT industry are growing slowly, if not stagnating.

Not surprisingly, the employer-friendly IT industry is losing some of its charm. Last year, *Business Today*'s

SHARP DROP

While the supply of fresh engineers has risen dramatical

	2005	2006	2007
Total talent supply	318,600	378,000	433,900
Talent demand (Net addition by IT industry)	228,000	235,000	328,000
Talent demand as a % of talent supply	71.6	62.2	75.6

list of the 25 best companies to work for included 13 IT companies, with eight in the Top 10. This year, there are just eight IT companies in the list of 25, with six in the top 10, and barring Google and Accenture, all have fallen in rank.

"In the era before 2008/09 all companies which did innovation on the supply side grew very fast and became tier one," says Saurabh Govil, head of HR at Wipro, India's fourth-largest IT company. "Companies did large setups for hiring and attracting people. There were creches in companies, fancy campuses with five restaurants. Those were novelties. People grew fast and made money. The industry could afford to pamper people because that was the need."

But over the past five years, the industry has stopped pampering fresh hires. Salaries offered to campus recruits have not changed in this period, while other sectors are offering higher packages. "Entry-level salaries are still between ₹2.5 lakh and ₹3.5 lakh. The auto industry offers more to entry-level engineers at ₹4-5 lakh. If you take inflation into account, salaries have actually come down in the IT industry," says K. Lakshmikanth, Managing Director, Head Hunters India, an executive search firm.

Across-the-board double-digit hikes, common before 2009, are a thing of the past. While the industry's need for hiring people in bulk has dropped because of slower growth and immigration regulations in advanced countries, the country's supply of engineers has been increasing. There is now a glut of engineers, reducing their bargaining power.

"The auto industry is offering better salaries. If you take inflation into account, salaries in IT companies have come down"

K. LAKSHMIKANTH,
MD, Head Hunters India

According to a report in May this year by Kotak Institutional Equities, the country's technically qualified talent output in 2004 stood at 273,342 annually, while the industry's net employee addition per year was 160,000. By 2013, talent output soared to 1.07 million while the net addition was just 188,000 – in nine years, talent output jumped almost 300 per cent. "We believe excess supply of engineers will moderate wage revisions to mid-to-high single digits from low-to-mid teens earlier. Entry-level salaries may remain unchanged or even decline for an extended period," Kawaljeet Saluja, analyst with Kotak, wrote in the report.

However, the glut in the industry is not universal, says Srikantan Moorthy, Group Head of HR at Infosys, India's third-largest software exporter. "The supply-demand scenario varies as per skill and experience required across the IT industry. Currently, there seems to be a greater supply than demand situation at the fresher level given the slump in hiring from campuses. However, demand is higher than supply for niche and emerging skills," he says.

The industry now needs more people in analytics, for instance. And data scientists can command a premium over other engineers – Dell's Director for Analytics Pankaj Rai told *Business Today* last year that data scientists in his company with five or six years' experience were paid a 22 to 25 per cent premium over other departments.

Even so, opportunities for foreign assignments for engineers with niche skills have dipped because of new regulations and protectionism in the West. The Border Security, Economic Opportunity, and Immigration Modernization Act, introduced in the United States on April 17 this year, will force Indian companies to ramp up their local workforce.

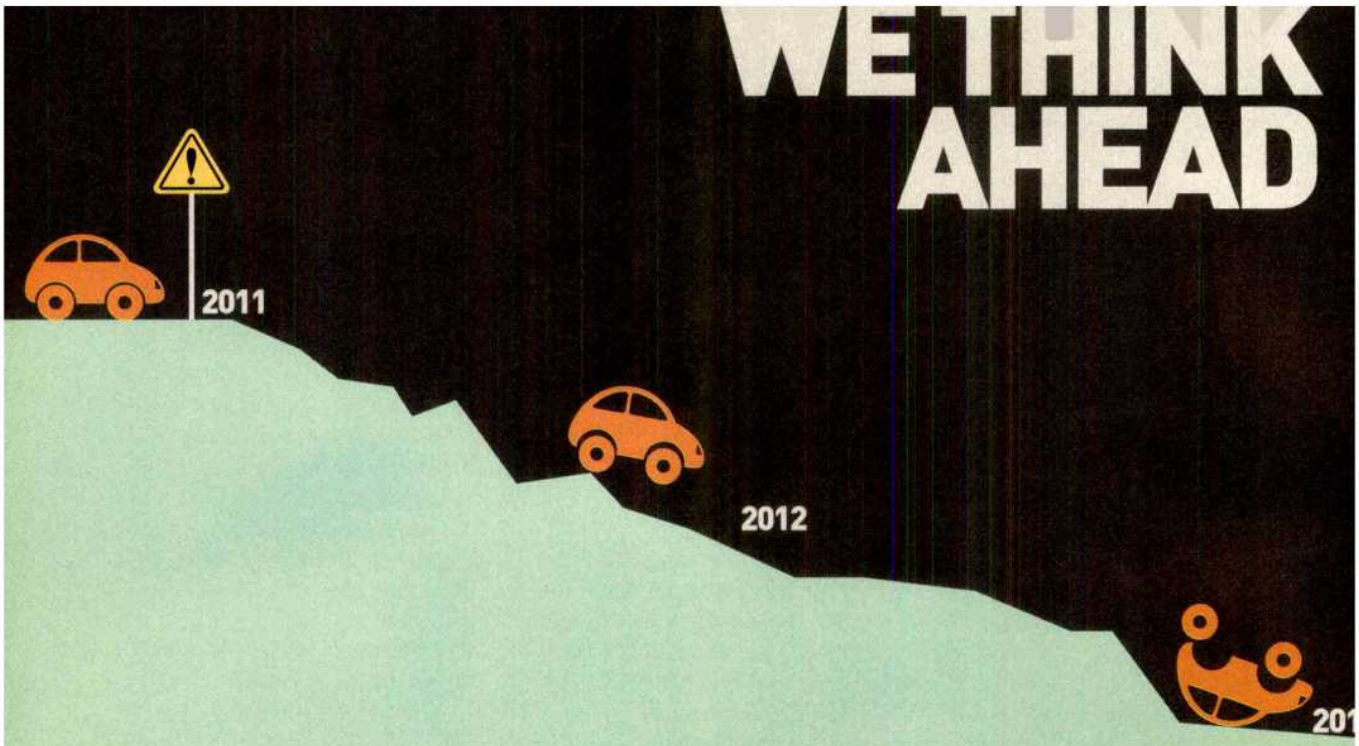
However, there is a silver lining. Dileep Murthy's example shows core engineering companies will be able to hire the best talent for infrastructure projects and product development. And the IT industry will be more selective in its choice of students. "We'll focus on the right campuses. There will be a good balance between quality and quantity," Wipro's Govil says.

For interview with Saurabh Govil, go to businesstoday.in/wipro-govil

emand for them in the IT sector has gone down

2008	2009	2010	2011	2012	2013	2014E
454,200	514,100	570,859	709,935	917,478	1,072,800	1,154,000
341,000	234,000	104,000	241,000	235,000	188,000	236,000
75.1	45.5	18.2	33.9	25.6	17.5	20.5

Source: Kotak Institutional Equities



August 2011: BT looks at the automobile industry's struggles with falling sales and labour trouble

May 2013: Automobile sales hit an all-time low, down by 12%

We see what others miss
We tell you what others won't tell
We keep you ahead of the curve

business today

India's **No.1** Business Magazine

How We Ranked Them

This is the 12th edition of the annual *Business Today* 'Best Companies to Work For' in India Survey. This year, we continued our partnership with PeopleStrong HR Services, which ran the survey and analysed the data. We associated with job search company Naukri.com for its database and its expertise to get targeted respondents for the survey. The basic purpose was to understand the perceptions and aspirations of India's employees across industries. The survey also aimed to provide feedback to companies on what the employee marketplace thinks of them, which qualities in a company are considered important by employees, which factors attract people, which demoralise them, etc.

The key differentiator in *BT*'s survey, compared to some other surveys of this nature, is that we do not reach out to companies for participation. The logic is that if companies were to choose the employees who respond to the survey, it might introduce an element of bias in the process. This bias would exist even if the surveyors – *BT* and PeopleStrong, in this case – randomly chose the final respondents from a pool of names given by individual companies. Instead, the respondents we reached out to were contacted through Naukri.com's database, independent of their employers' channels, ensuring an unbiased study.

This year's survey was conducted between March 15 and April 24, 2013. The use of Naukri's database allowed us to achieve an even spread of respondents across types of companies, cities, age and experience brackets, etc. To start with, Naukri divided its active database into multiple data sets or panels based on two filters – sector and work experience. Ten sectors, such as software and IT, pharma and health care and engineering, etc, were targeted, and five work experience brackets, which resulted in 50 data sets. Four million people across these data sets were sent targeted mailers by Naukri, specific to the sector they work in and their work experience. This approach automatically introduced the first level of quality check because a respondent would get a questionnaire specific to her sector and work experience. About 20,000 of these targeted respondents came to the survey page, of which 6,320 filled out the questionnaire. After scrutiny and clean-

Group discussion panellists in Delhi: (L to R) Pankaj Bansal, PeopleStrong; N.S. Rajan, Ernst & Young (since then moved to Tata Group); Sameer Wadhawan, Coca-Cola; P. Dwarakanath, Max India; Mita Jha, VLCC; Faisal Saiyed, Religare Technologies; Shelly Singh, PeopleStrong; Deepak Bharara, Lanco Infratech; Anuranjita Kumar, Citi India; Subhro Bhaduri, Kotak Mahindra Bank; Sangeeta Sahgal, Bausch & Lomb Eyecare; Shailesh Singh, Max Life Insurance; Amit Malik, Aviva; Prithvi Shergill, HCL Technologies; Rajiv Arora, Mercer

SHEKHAR GHOSH/www.indiatodayimages.com

NILOTPAL BARUAH/www.indiatodayimages.com

Bangalore panellists (L to R) Bhasker Bhandary, Acer India; Rajender Singh, Dynamatic Technologies; Sailesh Menezes, Hewlett-Packard India Sales; Pratik Kumar, Wipro; Pankaj Bansal, PeopleStrong; Saagarika Ghoshal, Metro Cash and Carry India; Ravi Shankar, MindTree; Pallab Bandyopadhyay, Citrix R&D India; Paras Kaushik, Madura Fashion and Lifestyle; Shelly Singh, PeopleStrong; R. Rajnarayan, Titan Industries; Saurabh Govil, Wipro; Romy Sahay, Dr. Reddy's Laboratories; Abraham Cherian, Tesco; T.K. Sathyanarayana, Robert Bosch Engineering and Business Solutions; Kalappa K.B., Columbia Asia Hospital; Shalini Pillay, KPMG; Tina Vas, Collabera

ing, a final reportable sample of 6,310 respondents was achieved, of which eight per cent were women.

Overall, the respondent base this year is relatively younger and drawn from more companies. Due to the larger survey panels this year, which also had a wider geographic spread, we have achieved a better representation of the urban corporate employee base this year, compared to the last, though the sample size is similar. Last year, we had 6,176 respondents. (See *The Fine Print* on page 89 for details of the respondent break-up of this year.)

Data authenticity was further ensured in two ways: (a) the questionnaire design itself had built in verifications which rejected responses with contradictory or incomplete information, and (b) a verification back check of about 10 per cent of the accepted responses. PeopleStrong's team then constructed a ranking of companies and an analysis of various aspects that go into making a company a great place to work in.

In addition, this year, we introduced a second layer in the survey – assessment of key HR metrics of the companies that were ranked by employees within the Top 25 overall rankings, and the Top 10 in each sector. These metrics complement the variables an employee experiences. To arrive at the specific metrics to be used in Phase II, *BT* and PeopleStrong conducted two panel discussions of HR heads of companies (*see picture*) in two cities – Delhi and Bangalore – in March. These deliberations, and some more brainstorming, resulted in some key HR metrics being identified for Phase II, such as training man-hours, cost per hire, promotion percentage and so on. Unfortunately, very few companies provided the required data, so Phase II was given a weight of five per cent, compared to 95 per cent for the employee survey.

The Ranking Process

For the overall rankings, respondents were asked to choose five companies – across industries – which they thought were the best to work in, and rank them. Then, they ranked the top three companies on six specific criteria – career growth prospects, financial compensation, work-life balance, performance evaluation, stability, and other HR practices. The same approach was used to get respondents to rank companies within their sectors.

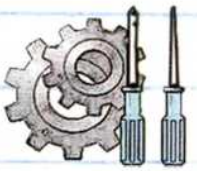
The overall and sectoral rankings were computed separately, but using the same methodology. Rank 1 has higher weight as compared to Rank 2, and so on. This difference is implemented by using the 90 per cent rule, wherein Rank 2 gets 90 per cent of the weight of Rank 1, and Rank 3 gets 90 per cent of the weight given to Rank 2, and so on.

Once rank scores were computed, the top-ranked company was given an index score of 100 and the scores obtained by the other companies were indexed to the score of the top-ranked company. The respondents were also asked some questions that were not included in the ranking exercise, such as whether their senior management adhered to companies' laid-down ethical standards, their satisfaction with the boss, etc.

Despite the increased robustness of the survey, we are not being complacent. Stay prepared for some surprises next year.

NEXT Column: Pankaj Bansal

Management



Engineering

Medical

SOA UNIVERSITY

(A Deemed University declared u/s 3 of the UGC Act, 1956)

A bright future begins here...

Accredited by NAAC (Grade 'A'), AICTE & IAO of USA

Pharmacy

Hotel Mgt.

Bhubaneswar, Odisha

Contact : 0674-2350635 / 791 / 794

E-mail : info@soauniversity.ac.in

Law

Nursing

Dental

- **Institute of Technical Education & Research (ITER)**
  Website : www.iter.ac.in
- **Institute of Business & Computer Studies (IBCS)**
  Website: www.ibcs.ac.in
- **School of Hotel Management (SHM)**
  Website: www.shm.ac.in
- **School of Pharmaceutical Sciences (SPS)**
  Website: www.spsiter.ac.in
- **Institute of Medical Science & SUM Hospital (IMS & SH)**
  Website : www.ims.ac.in
- **Institute of Dental Sciences (IDS)**
  Website : www.ids.ac.in
- **SUM Nursing College (SNC)**
  Website: www.snc.ac.in
- **SOA National Institute of Law (SNIL)**
  Website: www.snil.ac.in

Visit us at : **www.soauniversity.ac.in**

Employee Gets More Real

Three new ways to look at employee engagement

The Survey is back again, the most democratic way of collecting data – going to the employees themselves to understand Perception-Aspiration-Reality (PAR). The past three years' studies were focused purely on the perception and aspirations of employees, but this year's result clearly shows that the employee is looking at hard-core reality with meaningful returns for her career as well as a well carved-out path to meet her aspirations. This year's survey has shown three unique ways of looking at employee engagement.

Casualty of the Boss: The age-old theory that managers are the fulcrums of employee engagement has been challenged. The employee is on the path to becoming her own boss. Interestingly, the decision to stay with a company or leave is being insignificantly impacted by the employee's supervisor – only 16 per cent of the respondents were seeking a job change out of dissatisfaction with the supervisor, which is a sharp decline from 22 per cent last year.

Workforce trends have forced employees to become independent, individual contributors. Workplace changes, such as reporting relationships, remote working of teams, and customer onsite roles have enabled the change of role across the board.

Meaningful Aspirations: The good news is, the workforce is showing signs of maturing. Reality-driven indicators have become more important than purely perception-driven indicators such as social recognition and workload. The order of priorities has changed to make 'pay-performance connect' and 'learning opportunities' the most important. These factors can be hard-coded and their return on investment calculated by the HR function, through both budget and impact.

Sixty-five per cent of the respondents were more kicked about higher job responsibilities. This single data point provides a huge window to SMEs and entrepreneurial companies to attract the right talent. The higher order questions being asked by employees gives them a great chance to tap into a talent pool that was practically non-existent a few years ago.

At the same time, I would like to point out that the employer brand still retains its charm. Hence, large companies will do better at attracting talent by creating the right perception in the mind of the employee.

GenNext Spring: Interestingly, the survey throws up an Arab Spring-type quotient of its own. People have become more aware and are clearly demanding 'value-based leadership'. Forty-three per cent of the respondent employees believed that their senior management adhered to ethical values (against 71 per cent last year). As a fall-out of that, 53 per cent employees are satisfied with their current jobs (against 70 per cent last year).

We need to carefully observe and reflect that corporate play is different from the ways of the film industry. In that world, perception drives everything, and Fridays – when films open – are all important. But for an organisation, each moment of truth is a reality. It would be very shallow if the entire corporate play were only focused around perception. HR needs to move its priority in addressing the current employee through tightly linked metrics for productivity and performance, capability building, and remote and virtual work management. In order to satisfy these parameters, HR has to ensure that hygiene activities are seamlessly carried out to give themselves bandwidth to do meaningful roles for business.

I would like to conclude on the note that the supervisor needs to make his role more meaningful in the life of the employee. The magic wand has started to lose its power – the role needs to be reinvented and refurbished. Employees are far more aware today, and the need for value-based leadership is greater than ever – the speed of change externally is very rapid and organisations need to keep tabs on this to evolve and grow and meet their numbers. Jack Welch appropriately summed it up: "If the rate of change inside is less than the rate of change outside, the end is in sight."

Lastly, this is the chance for entrepreneurs and start-ups as they have a great opportunity to create the rising India story; employee trends support that movement. All the best.

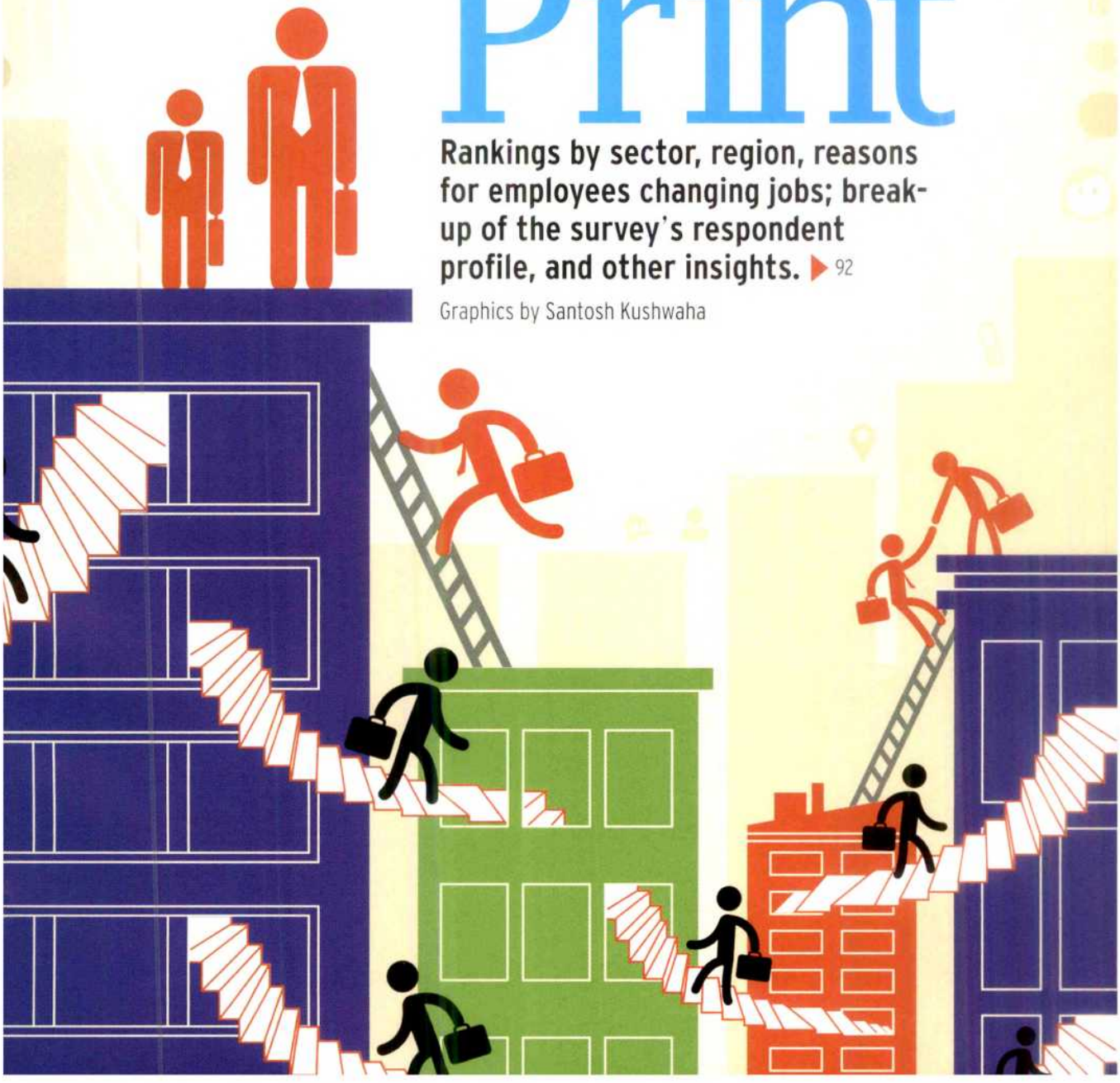
Pankaj Bansal is Co-founder and CEO, PeopleStrong

NEXT The Fine Print ▶

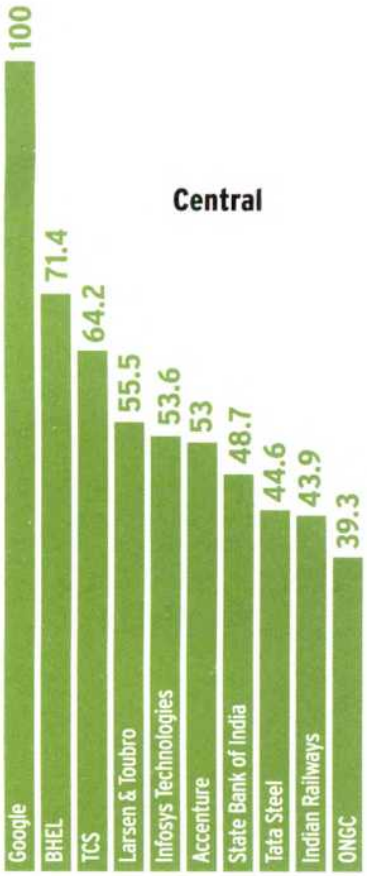
The Fine Print

Rankings by sector, region, reasons for employees changing jobs; break-up of the survey's respondent profile, and other insights. ▶ 92

Graphics by Santosh Kushwaha



s to Work For



8

re very well

15

Do so extremely well

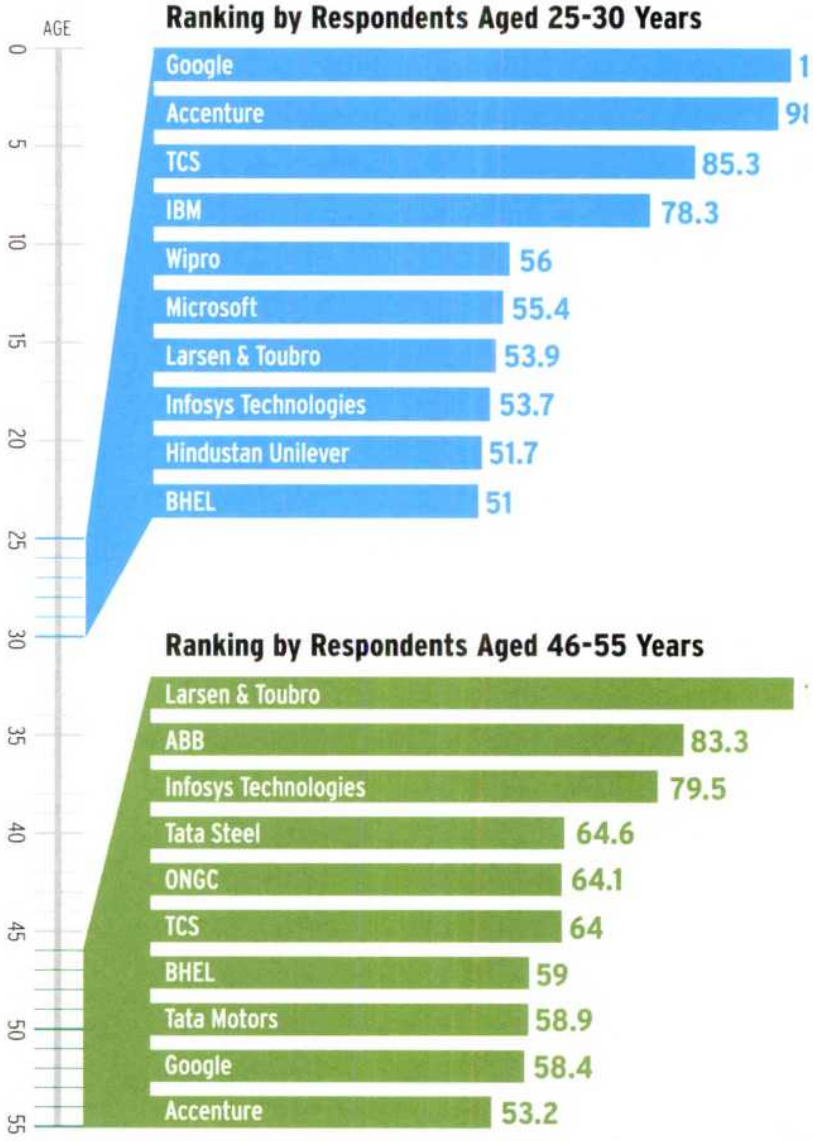
2

Don't know

Figures in per cent

Differing Outlook

The rankings given by younger and older employees are vastly different



Figures are indexed sc

Engineering and Automotive

Rank	Company	Indexed score
1	Larsen & Toubro	100
2	Tata Motors	84.6
3	Mahindra & Mahindra	69.4
4	BHEL	57.6
5	Maruti Udyog	35.9

Hospitality

Rank	Company	Indexed scor
1	Indian Hotels (Taj Hotels Resorts & Palaces)	100
2	ITC Hotels	94.7
3	Oberoi Hotels & Resorts (East India Hotels)	54.7
4	Marriott Hotels India	42.8
5	Radisson Hotels & Resorts	40.5

Ranking Across Regions

How respondents in different regions ranked the Best Compa

N

West

Google	100
Accenture	95.2
TCS	93
Infosys Technologies	76.9
Larsen & Toubro	74.5
Tata Motors	73.7
Hindustan Unilever	68.8
Tata Steel	68.5
IBM	62.9
Microsoft	57.4

North

Accenture	100
Google	91.8
TCS	88.7
Larsen & Toubro	73.6
Wipro	70.3
Tata Motors	55.2
ABB	54
Hindustan Unilever	52.1
BHEL	51.3
Microsoft	48.2

W

Figures are indexed scores

E

South

Accenture	100
Google	97.4
TCS	82.2
IBM	78.7
Larsen & Toubro	69.5
Infosys Technologies	64
Microsoft	61.6
Wipro	59.7
Tata Motors	52.8
Hindustan Unilever	40.1

East

Google	100
BHEL	70.5
Accenture	62.6
Airtel	59.7
Larsen & Toubro	55.9
Tata Steel	55.2
Tata Motors	54.2
Infosys Technologies	53.5
Hindustan Unilever	46.7
TCS	45.1

S

Of Ethics and Morals

Do companies' senior managers adhere to laid-down ethical guidelines? How the respondents felt

5 Don't abide by ethical guidelines at all

17 Not very well

32 Sometimes they do, sometimes they don't

Sector Rankings

BPO/ KPO/ ITES

Rank	Company	Indexed score
1	Genpact	100
2	TCS BPO	98.2
3	Wipro BPO	83.2
4	IBM Daksh	65.3
5	HCL BPO Services	55.1

Banking, Financial Services, Insurance

Rank	Company	Indexed score
1	Axis Bank	100
2	State Bank of India	84.7
3	HDFC Bank	81
4	ICICI Bank	71
5	Citibank	35.4

Core Secto

Rank	Company
1	Jindal Steel and Po
2	Tata Power
3	NTPC
4	Tata Steel
5	ONGC

Standard Chartered

When businesses succeed, livelihoods flourish.

In 2009, we took the initiative to be first to align with the World Bank Group in boosting global trade flows. Since then, we have continued to be proactive in encouraging growth across our markets. As trade is the lifeblood of the local economy, our commitment does more than protect businesses. It stimulates the communities that depend on them.

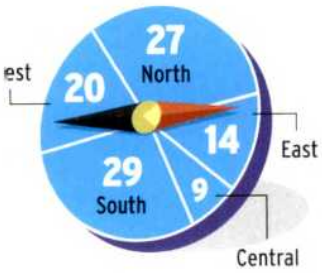
Here for good

Discover more at
standardchartered.com/answers

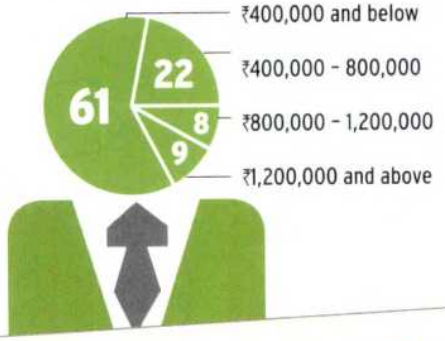
espondent Break-up

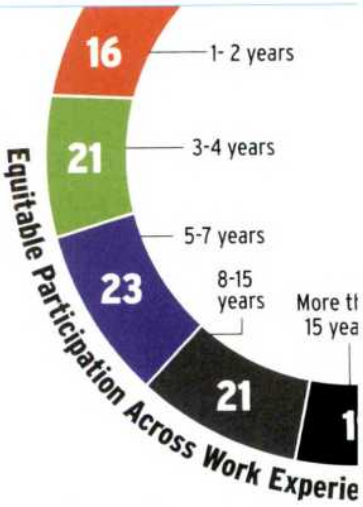
otal of 6,310 respondents from 5,070 companies responded to our survey questionnaire

Distribution Across Regions



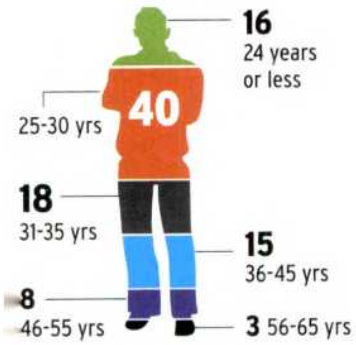
Strong Representation of Mid-income Executives





Figures in per cent

Strong Representation of Youth



Figures in per cent

Companies Can Do Better

On a scale of 1-5, employees rated their company's performance at a low average of 2.27 across various criteria

11

Brand of the company is not attractive

9

Sense of belonging weak

Allied

Indexed score	Rank	Company
100	1	Indian Railways
81.1	2	Delhi Metro Rail Corporation
68.9	3	Engineers India
65.4	4	DLF Universal
43.4	5	Canon

Others and Diversified

Indexed score	Rank	Company
100	1	Indian Railways
35	2	Delhi Metro Rail Corporation
30.1	3	Engineers India
28.9	4	DLF Universal
23.6	5	Canon

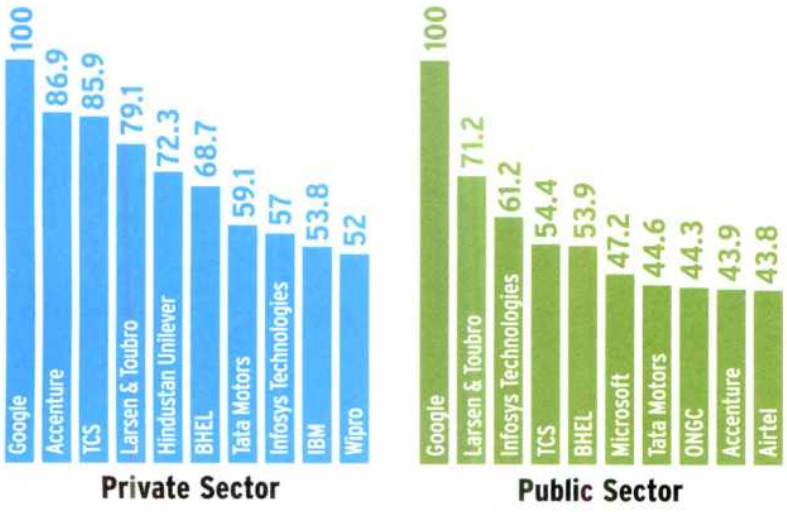
Other Manufacturing

Indexed score	Rank	Company name
100	1	Hindustan Unilever
86.6	2	Nestlé
75.4	3	Coca-Cola India
62.4	4	Procter and Gamble
51.8	5	Dabur India

Similar Views

Both private sector and public sector employees find private companies more attractive

Figures are indexed scores



Note: These are overall rankings by private and public sector employees

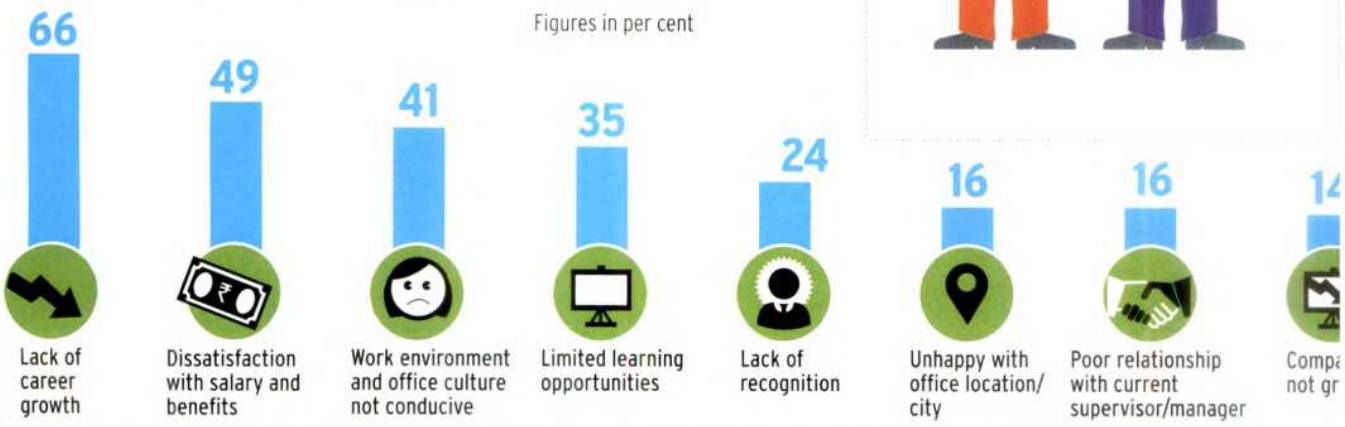
Satisfaction Level

Respondents were asked whether they were satisfied with their job roles given their qualifications

What Triggers a Search for Change

The leading factors that influence an employee's decision to switch jobs

Figures in per cent



Note: Respondents were asked to pick three factors. The figures represent proportion of respondents choosing respective factors

Pharma and Health-care

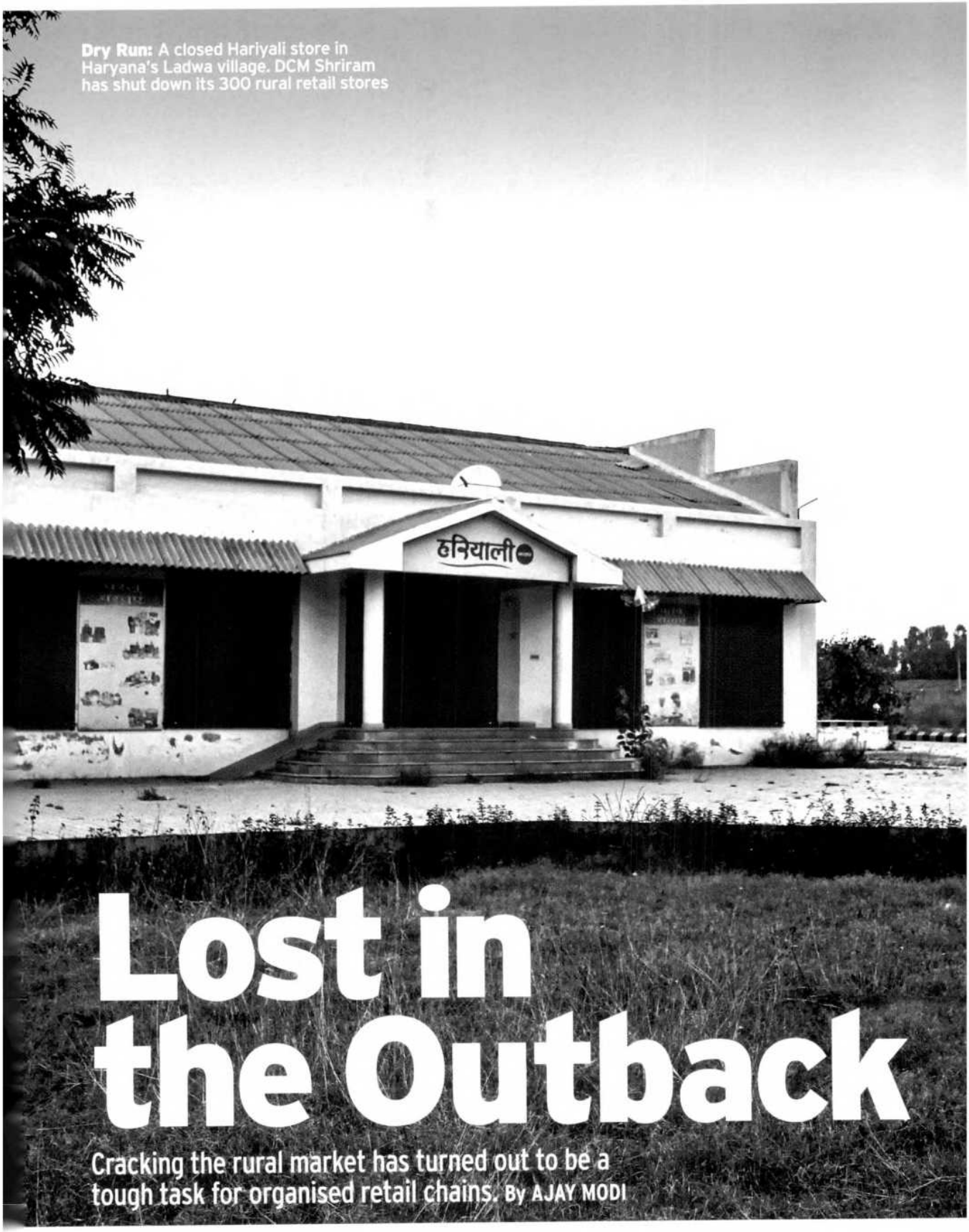
Rank	Company	Indexed score
1	Abbott Laboratories	100
2	Dr Reddy's Laboratories	80.8
3	GlaxoSmithKline	66.5
4	Novartis	65.5
5	Johnson & Johnson	63.7

Software and IT

Rank	Company	Indexed score
1	Google	100
2	Accenture	77.6
3	Microsoft	71.8
4	TCS	55.7
5	Dell	55.7

Telecom

Rank	Company
1	Airtel
2	Vodafone
3	Idea Cellular
4	Ericsson
5	Reliance Communi



Dry Run: A closed Hariyali store in Haryana's Ladwa village. DCM Shriram has shut down its 300 rural retail stores

Lost in the Outback

Cracking the rural market has turned out to be a tough task for organised retail chains. By AJAY MODI

PHOTOGRAPHS BY ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

Ajay S. Shriram has given up. After a decade of trying to establish a chain of Hariyali Bazaar retail stores in rural areas, the chairman and senior managing director of DCM Shriram Consolidated Ltd (DSCL) has exited the business. "It was a wise decision," he says. "Organised retail in rural India is a difficult proposition."

DSCL launched Hariyali stores in 2002. The stores sold farm products, groceries and household goods. By 2008 it had become the biggest rural retail chain in India with about 300 stores. Revenue from the business grew at a rapid clip and crossed ₹850 crore in 2011/12. But it never made a profit. With each passing year it sank deeper into the red – the net loss touched ₹106 crore in 2011/12.

Widening losses prompted DSCL to rethink its rural strategy. Initially, it decided to go slow on expansion. When that didn't work, it shut down some stores. Eventually, it made a total exit last fiscal year. Now, it sells only fuel products sourced from Bharat Petroleum at 37 locations in the countryside. Predictably, revenue dropped to ₹515 crore in 2012/13. The upside is that the net loss from the business shrank to ₹35 crore. The company hopes to make a profit from the venture in the current fiscal year.

DSCL joins sugar producer Triveni Engineering in exiting the rural retail business. Triveni had 42 Khushali Bazaar outlets in Uttar Pradesh and Uttarakhand when it shut shop in 2010 after running the unprofitable business for five years. The reasons are the same – higher overhead costs, fluctuating demand that depends on the monsoon, diverse buying habits, and difficulty in competing with mom-and-pop stores. "A small *kirana* (neighbourhood grocery) store is highly competitive. The owner knows local people and has a relationship with them," says Shriram. He adds that inventory costs are high in rural areas and managing logistics is tough because of poor infrastructure. A visit to a closed Hariyali store in Haryana gives a clearer picture. The store in Ladwa village is about 30 km from Karnal and is flanked by farms. An attendant at a DSCL-run fuel station adjacent to the store says the outlet didn't offer any discounts and, unlike local grocery stores, didn't sell on credit.

Other rural retail chains such as ITC's Choupal Saagar and Godrej-Future Group joint venture Aadhaar also have faced a tough time. This despite rural incomes and consumption rising steadily in the past few years. Farm incomes have been climbing because of higher support prices of wheat, paddy, sugarcane and other crops. Average wages under the National Rural Employment Guarantee Programme have risen to ₹128 in 2012/13 from ₹65 in 2006/07. The average monthly per capita spending in rural areas has jumped 36 per cent to ₹1,430 in 2011/12 from ₹1,053 in 2009/10, according to the latest data from the National Sample Survey Organisation.

S. Sivakumar, CEO of ITC's farm business, explains why organised retailers haven't benefited much from higher rural incomes and spending. "The income increases related to commodity prices and rural employment programmes are not necessarily happening within the micro-catchment area of a retail store," he says. R.S. Rekhi, CEO of

Aadhaar, agrees. He says it "does not make economic sense" for large format retail to enter this segment because the rural population is scattered over a wide area.

ITC, the country's biggest cigarette maker, opened its first Choupal Saagar rural hypermarket in 2004. The stores provide a range of products and services. By 2007 it had 24 such outlets. It hasn't expanded since then, though it had plans to set up 100 outlets. Sivakumar says any expansion will depend on reforms in agriculture. He says 21 outlets are profitable and the remaining three will likely turn the corner this year.

Sivakumar says organised retail typically does not help increase rural incomes but only meets consumption requirements. This makes the business unsustainable. ITC, however, first developed linkages through its eChoupal initiative to buy agricultural products from farmers and improve productivity, helping raise their incomes. It then launched Choupal Saagar stores to sell a variety of products and services including farm inputs, consumer goods and consumer durables, apparel and fuel. Sivakumar says both mom-and-pop stores and organised retailers are in a unique position to meet the requirements of rural customers. Local stores provide utility products at low prices or on credit to customers. Organised retailers can provide high-quality aspirational products.

Aadhaar has learnt from its mistakes and those of its rivals. Initially, when Godrej Agrovet launched the chain, the stores were owned and operated by the company. After retail tycoon Kishore Biyani's Future Group bought a majority stake in the venture in 2008, it closed some company-owned outlets and expanded through franchisees. In early 2012, it entered the cash-and-carry business to sell to wholesalers and Aadhaar outlets. The business now accounts for half the rural retail sales. Aadhaar has 45 outlets in Punjab and Gujarat, two of the country's most prosperous states with relatively good transport and infrastructure. One such store is located in Dauraha village, 30 km from Ludhiana in Punjab. The 3,000 sq ft company-owned store looks like a regular mid-size outlet in a city. The store manager says every product is sold at a discount ranging from two to 10 per cent. On average, 300 people visit the store every day and buy products worth ₹400-500 each.

Rekhi says Aadhaar will expand mostly through franchisees. Local franchisees are more capable of maintaining customer relationships as they understand the consumption pattern better, he says. **Aadhaar has also scaled down the share of farm inputs in overall sales. Five years ago, a third of sales came from farm inputs while the remaining was equally divided between apparel, consumer durables and consumer goods.** Now, more than 90 per cent of sales come from groceries and consumer goods. Rekhi says spending on food and groceries is stable throughout the year. Purchases of farm inputs and apparel are seasonal and coincide with sowing and harvesting. The new strategies have yielded results, and Aadhaar is looking to break even at the operating level by the end of this fiscal year.

Will rural retail chains match the success of their urban counterparts? The rural consumer base can become a source of revenue for many companies, even during economic slowdowns. But success will come to those only those who understand and exploit the dynamics of rural markets to their advantage. "Farmers want to understand the value proposition of brands in terms of cash savings and ease of product or service procurement," says Ankur Bisen, Head (Retail and Consumer Products) at consultancy Technopak Advisors. "Retailers need to understand the income-expenditure cycle of farmers and link it to their products and services." ◆

Villagers shop at an Aadhaar store in Punjab. Aadhaar hopes to break even at the operating level in 2013/14

Send your comments to editor.bt@intoday.com

Health is wealth. So, know all about Health Insurance

We all at some time in life, and often on many occasions, will need some kind of medical attention and treatment. When medical care is required, ideally you should be able to concentrate on getting better, rather than wondering whether you have got the resources to pay for all the bills. Often when a person is not covered by a health insurance policy, one has to dig into his savings or investments to settle the bills. As medical expenses are such in nature that one cannot avoid it or delay its payment, gathering the resources at that time can be cumbersome. Rising healthcare costs is making this view more commonly held and it is in this context that health insurance plays an important role.

The purpose of health insurance is to help you pay for healthcare when you need it. It protects you and your family financially in the event of an unexpected serious illness or injury that could otherwise prove to be very expensive. Having health insurance is important because the coverage will help you get timely medical care. A comprehensive health insurance, covers most of the cost of keeping you healthy and getting you healthy should you require medical attention. Health policies provides coverage for doctor visits, hospital care, tests, certain therapies and prescription drugs.

Over the years, health insurance policy has witnessed enhancement and evolved into several variants that broadly cover the entire gamut of possible healthcare related costs and conditions such as accident, illness, surgery, critical conditions, disability and even a flat compensation for the days one is hospitalised. All these are offered through life and general insurance companies. Further, policies can be taken by an individual or though a group. Once you opt for a health insurance policy, it has details with an ID card and scope of cover the policy you have offers, terms and conditions and the third party administrator (TPA) assigned to you to facilitate your policy benefits when needed. The TPA facilitates hospitalisation and the payment to the hospital directly in case of planned hospitalisation as well as unplanned emergency situations. In some cases, the TPA may step in later, which means you may have to shell out the initial hospitalisation bill, which will be compensated by the insurer at a later date.

The test of the insurance policy is when a claim is raised and it is paid for without hassles. A claim can be paid for in two ways--settled directly through the TPA wherein the insurer and the intermediary settle the claim. The second method is to pay for the medical treatment and then raise a claim with the insurer by supporting the actual bills and treatment costs. In this method the insurer repays the claimed sum after verification. As there are several exclusions in a health insurance plan, make sure you read the policy wordings to make its best use.

Though it's impossible to predict calamities; it's possible and even important to protect oneself against it and have an adequate health insurance coverage, not to forget the tax benefits that one gets under Section 80D. You can buy health insurance through various channels—through an insurance agent or an insurance broker. But, the most efficient way is to buy it online as it provides you the freedom to compare the price, features and coverage that different insurers provide. Online platforms have provided the much needed convenience to us and buying a health policy is no different. There are products available where no medical tests are required and such policies can be bought online at just a click of a button.

To learn more about investment,

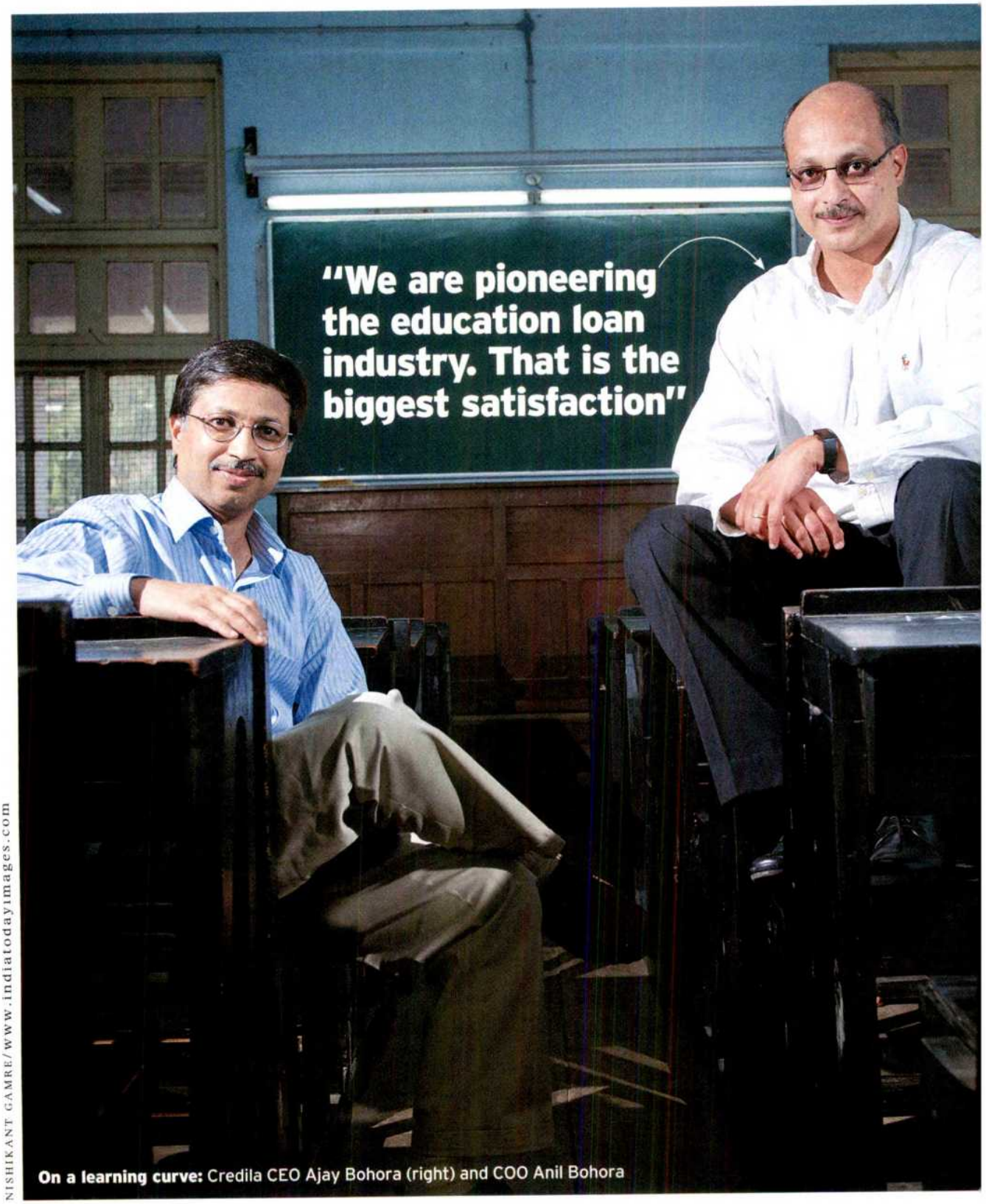
SMS 'EDU IT' to 5676766
or mail at
learning@icicisecurities.com
or log on to
http://learning.icicidirect.com

"WHAT IS THE BEST WAY TO BUY HEALTH INSURANCE?"
IT'S ONLINE!

know more, visit **www.icicidirect.com** or sms 'IDIRECT HI' to **5676766**.

ICICI direct.com
Investments on Your Fingertips

ICICI Securities Ltd.



NISHIKANT GAMRE/www.indiatodayimages.com

On a learning curve: Credila CEO Ajay Bohora (right) and COO Anil Bohora

HOMING IN ON EDUCATION

Mortgage lender HDFC is putting the building blocks in place to grow its education venture Credila. By ANAND ADHIKARI

A few weeks after Housing Development Finance Corp (HDFC) picked up a stake in a little-known company in November 2009, the mortgage lender's chairman, Deepak Parekh, met the target's founder brothers at his office in Mumbai. Parekh asked Ajay and Anil Bohora a few questions about their Nashik-based education loan provider, Credila Financial Services. "Can you show me four loan files – two accepted and two rejected ones?" he said.

The siblings were caught off guard. After all, due diligence had already been done and the deal sealed. The files were brought from one of Credila's two Mumbai branches. Parekh flipped through them and then handed them back. Credila's loan appraisal process, he told the Bohoras, was good but a little too detailed. He offered some simple suggestions – shorten the four-page application form, use easier words such as 'paste' instead of 'affix', make greater use of technology, and provide customised loans. The brothers listened with rapt attention. "We were getting good insights from the man most admired in the financial services sector," says Ajay Bohora, Credila's CEO and the younger sibling.

That meeting was the first and last intervention by Parekh after HDFC acquired 41 per cent of Credila from investment bank DSP Merrill Lynch Capital. He never did so again, not even after HDFC gradually increased its stake in Credila to 89 per cent on a fully diluted basis. Credila seamlessly fitted into HDFC's plan of expanding its education loan business. "We were amazed to see how Credila was approaching the education loan business in a focused

HDFC's blueprint for expanding Credila

- ☑ Allow founders to run the venture without any interference
- ☑ Instead of chasing growth, first watch how initial borrowers repay loans
- ☑ Reduce the cost of funds and improve operational efficiency
- ☑ Use HDFC's branch network to expand Credila's footprint
- ☑ Use HDFC's brand name to promote Credila
- ☑ Leverage HDFC's sales capability and expertise

manner... something we did at HDFC for home loans," says Renu Sud Karnad, Managing Director at the mortgage lender and now Chairperson of Credila. Karnad is one of three HDFC representatives on Credila's board. There is no HDFC executive in Credila's top management.

₹1,000 cr
The total loan amount disbursed by Credila so far

India's education loan market size is around ₹43,000 crore, according to industry estimates. HDFC's focus on the education loan segment comes at a time when demand is growing at a fast clip because of the rising cost of higher studies and the inability of parents to to meet these expenses with their savings. The mortgage lender estimates there are about 14 million students in India's higher education sector, while around 200,000 students head for universities overseas every year.

Study loans are just one part of HDFC's plans for the education sector. The lender entered the segment about seven years ago in a small way. The idea was to leverage its mortgage portfolio to offer education loans to existing borrowers. HDFC also aimed to set up schools mainly for the middle class and run skill development programmes for graduates to address the shortage of skilled professionals in the country. While both these initiatives are in their infancy, the education loan business has grown rapidly after the Credila acquisition.

Credila started operations in March 2008, two months after DSP Merrill Lynch invested in the company. From March 2008 until HDFC bought out DSP Merrill, Credila had disbursed only ₹20 crore. Since then it has sanctioned more than ₹2,000 crore and disbursed nearly half that amount. The big surprise was in 2012 when Credila received more than 90,000 online applications for a cumulative loan amount of over ₹8,000 crore. "It was more than we could handle," says Anil Bohora, Chief Operating Officer at Credila. The company looks at applicants' credit worthiness, the repaying capacity of parents, collateral, and the institute they are applying to while scrutinising loan applications.

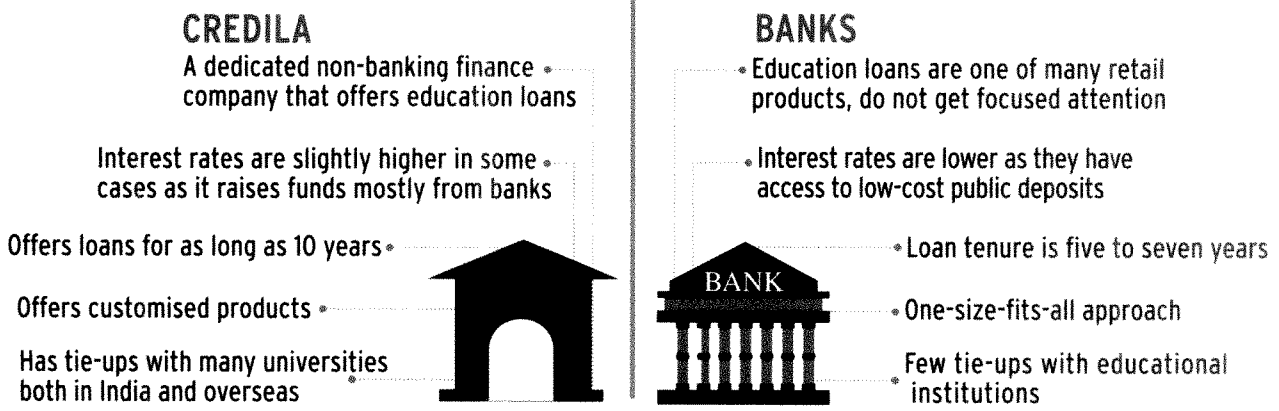
"We will see how the portfolio behaves over the next couple of years... and then take a call on growth"
Renu Sud Karnad, Credila Chairperson and HDFC Managing Director

Credila has built a good reputation among students in the short time it has been operating. Students going overseas comprise nearly half its borrowers. That is probably because of the higher ticket size of loans for studies overseas. The company has forged tie-ups with a number of educational institutions including those from Harvard University and Manipal University, as well as with engineering and management coaching centres. The institutes refer students to Credila if they need a loan. Credila also sends its representatives to interact with students at the time of admission. Karthik Bharadwaj, a student at the Birla Institute of Management Technology in Greater Noida, says he had difficulty getting a loan from banks to pay for his admission because he had no collateral. "Banks refused to budge on their terms and didn't understand the urgency," he says. "Credila stepped in to offer ₹10 lakh in just a week's time."

In some ways, Credila mirrors HDFC's own journey. HDFC was founded by Deepak Parekh's uncle, H.T. Parekh, in 1977. It had the first-mover advantage as there was no other mortgage lender in the private sector at the time. But this was also a disadvantage because, unlike state-run banks, it had no access to low-cost public deposits. What helped HDFC survive and expand was simplicity of products and a focus on customer service. Karnad sees these attributes in Credila too.

As with HDFC, Credila's main rivals too are state-run banks. State Bank of India and Canara Bank are the leaders in the education loan segment. SBI's outstanding education loan book was ₹11,500 crore as of March 31, 2012, while Canara Bank's was at ₹3,900 crore. But banks are getting cautious of lending to students. They do not have a focused approach toward education loans.

How Credila Differs From Banks



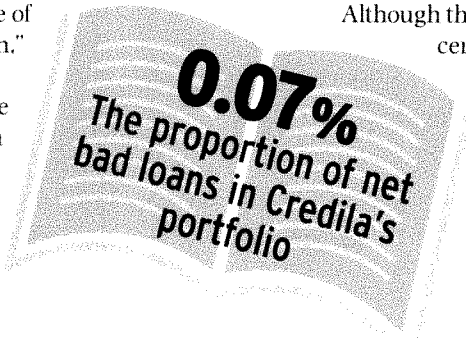
and their credit evaluation standards do not take into account the job prospects of a borrower. This has pushed up the proportion of bad loans to as much as seven per cent of their portfolios.

Credila has so far kept its bad loans under control, at just 0.07 per cent of the portfolio. It earned a net profit – its first ever – of ₹6 crore for the April-to-January period of 2012/13. But analysts say it is too early to talk about Credila's success. Ratings firm ICRA said in an April report the asset quality of Credila's portfolio is untested as it hasn't yet completed the first full business cycle in terms of disbursing its loans and getting the money back.

Rakesh Nangia, a chartered accountant who audits the books of many educational institutions, says banks have the upper hand in education loans because of a diversified retail portfolio and lower cost of funds. "A non-banking finance company [such as Credila] has a high-cost model that is not comparable to banks in terms of margins or profitability," he says. An analyst at a broking firm says HDFC succeeded in the home loan business because of strong collateral in the form of property. "It doesn't have that cushion in the education loan business."

HDFC is not in a hurry to chase growth in the education loan business. When Credila got loan requests worth ₹8,000 crore last year, the message was to do what could be easily managed. "We will see how the portfolio behaves over the next couple of years... and then take a call on growth," says Karnad.

The initial groundwork to integrate Credila with HDFC's processes has been completed. Credila has started operating from the mortgage lender's offices in more than a dozen cities. It is also leveraging HDFC's sales and marketing capabilities. CEO Ajay Bohora says HDFC's backing is helping Credila raise funds at lower interest rates than before. There are also challenges regarding asset-liability mismatches. This is because Credila offers loans for five to 10 years while it raises funds mostly for a shorter duration. Here too Credila is benefiting from its parent's expertise, as the mortgage lender is used to giving home loans for 15 to 20 years.



The Bohora brothers, who in 2003 sold their healthcare claims processing venture ClaimsBPO to WNS Global, have ambitious plans for Credila. They want to create India's first dedicated education loan company on the lines of Sallie Mae, the largest provider of study loans in the United States. It is not surprising they are taking inspiration from a US company. Both previously worked for US companies – Ajay with insurer MetLife and Anil with media company AOL Time Warner.

The brothers are picking up ideas from Parekh and other senior HDFC executives. They have already implemented Parekh's suggestions. The application form is now two pages and uses simpler words. Greater use of technology has reduced costs and improved operational efficiency. This is evident from the fact that it disbursed more than ₹1,000 crore from only eight branches in a handful of cities, whereas state-run banks have hundreds of branches across the country.

Although the brothers, who own nearly 11 per cent of Credila, are serial entrepreneurs, they are content working for HDFC. "We are pioneering the education loan industry," says Ajay. "That is the biggest satisfaction." ◆

Send your comments to
editor.bt@intoday.com

Help for the Hatchlings

Events are connecting start-up entrepreneurs in their lonely journey, and the focus is on sharing information. By TASLIMA KHAN

Two years ago, college dropout Deepak Ravindran, who developed an SMS-based search product, was invited to present it at the Red Herring Global 100, an international event that showcases innovative start-ups. But the trip cost around ₹2 lakh, which he could not afford. He made it, after all, with financial help from Infosys co-founder Kris Gopalakrishnan. "Kris told me, 'When you come back, bring an award for India'," he says. He did, and it changed his life. He was invited to speak at the Mobile World Conference in Barcelona, and at a TED Conference. At the NASSCOM Emerge 50 Awards, he met Seed Fund investor Mahesh Murthy, who later invested nearly $3 million (₹18 crore) in his start-up, Innoz Technologies. Innoz closed 2012/13 with revenues of ₹13 crore.

Ravindran is an example of how gatherings help start-up entrepreneurs multiply their opportunities to build product prototypes, present ideas, and meet peers and investors.

"There is a huge amount of interest from people who want to start up," says Ashish Sinha, founder of NextBigWhat, an online platform for small businesses. Sinha organises the start-up launch pad event Unpluggd. The number of applications was up from 200 for the first Unpluggd in 2009 to 715 for the seventh, held in Bangalore in early June. So far, 45 start-ups have raised a total of around $70 million after launching products at Unpluggd.

Such events attract all sorts of people, from college students to seasoned professionals. "We are seeing a very different excitement," says NASSCOM President Som Mittal. "Six years ago, we spent a lot of time curating speakers, and we used to worry: will they speak to an empty hall? Not now."

The number of events has grown. There are small gatherings and big-ticket events such as NASSCOM's Product Enclave or The Indus Entrepreneur's TiECon. The world of an entrepreneur, usually lonely, has become more connected.

Encouraged by the response to his entrepreneurship blog, Rodinhood.com, Alok Kejriwal, founder and CEO of gaming portal Games2Win, started Rodinhoods Open House, a real-life event. Its "I have an idea" sessions give eight to 10 people the chance to present their business ideas to an audience of over 200 people. Entrepreneurs are invited to talk on themes such as 'Celebrating failure'.

Many events are designed as learning opportunities. On May 26,

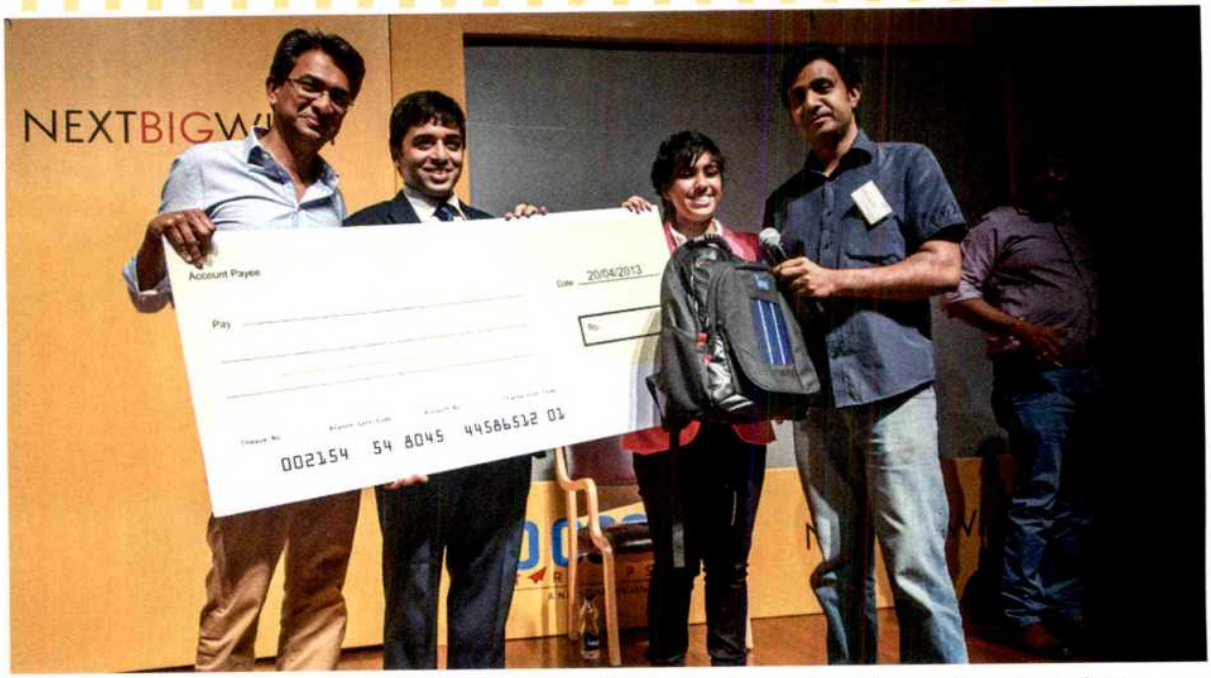
PHOTO: ADITYA KAPOOR, IMAGING BY RAVI. LOCATION COURTESY: KEGGFARMS

entrepreneurs from 25 start-ups decided to give the IPL final a miss and met in South Delhi to go on a 'Start-up Yatra'. This was the first of a tour series organised by Nurture Talent Academy, a company that conducts training programmes for entrepreneurs in many cities. The *yatris* visited the offices of ixigo.com, a trip planning website, PR agency Value360 Degree and IndiaMart, an online B2B marketplace, to learn how they do business. "They don't get this in books," says organiser Amit Grover, CEO and Founder of Nurture Talent Academy. It is not just the *yatras* – many events help entrepreneurs get real-life

AN EVENT FOR EVERYTHING

There is a growing range of events and event series, each with its own focus

Unpluggd	Launch your start-up
Start-up Yatra	Learn from role models
Start-up Saturdays	Community meet-ups
Start-up Roots	Raise seed funding
Start-up Funerals	Discuss your failed ideas/ventures
SmashUp	Pitch your startup to investors, netwo
Rodinhoods Open House	Pitch your idea, network
HeadStart Higher	Hire for your start-up
Big Bad Start-up Bash	Drink, joke around, network



Google India MD Rajan Anandan (left) gives a ₹25 lakh cheque to solar backpack makers Gandharv Bakshi and Lavina Mahbubani at **Start-up Roots in Bangalore** on April 20. Ashish Sinha (far right) is the founder of NextBigWhat, the event partner

knowledge about things such as protecting intellectual property and negotiating a term sheet. "MBA colleges don't teach you how to manage your cash flow," says Bhagirath Bhardwaj, an MBA dropout-turned-entrepreneur who runs Richlife Worldwide, a life management consultancy. "They teach you 20-year-old content."

TiE, one of India's largest entrepreneur networks, holds more than 40 events a year in Delhi alone. This year, it is planning 100 events.

Volunteer Energy

Last December, 24-year-old Milind Doshi organised a gathering called Start-up Funerals in a South Delhi cafe. The discussion focused on participants' failed business ideas.

"In this country, people don't get to talk about failure," says Doshi, who runs a co-working space for entrepreneurs in Mumbai, and organises Start-up Funerals as a voluntary service to the entrepreneur community. "We want to change the mindset on failing."

"Volunteering is tough, but if we can dedicate an hour a day for this cause, we can make it happen," says Rajeev Ranka, a student at IIT Bombay who volunteers for Weekend Ventures, an event series launched last year by Rajesh Mane, a Masters student at the London School of Economics and Political Science, at the IITs and IIMs. So far, 54 prototypes have been launched at eight Weekend Ventures, and six start-ups have raised a total of ₹50 lakh.

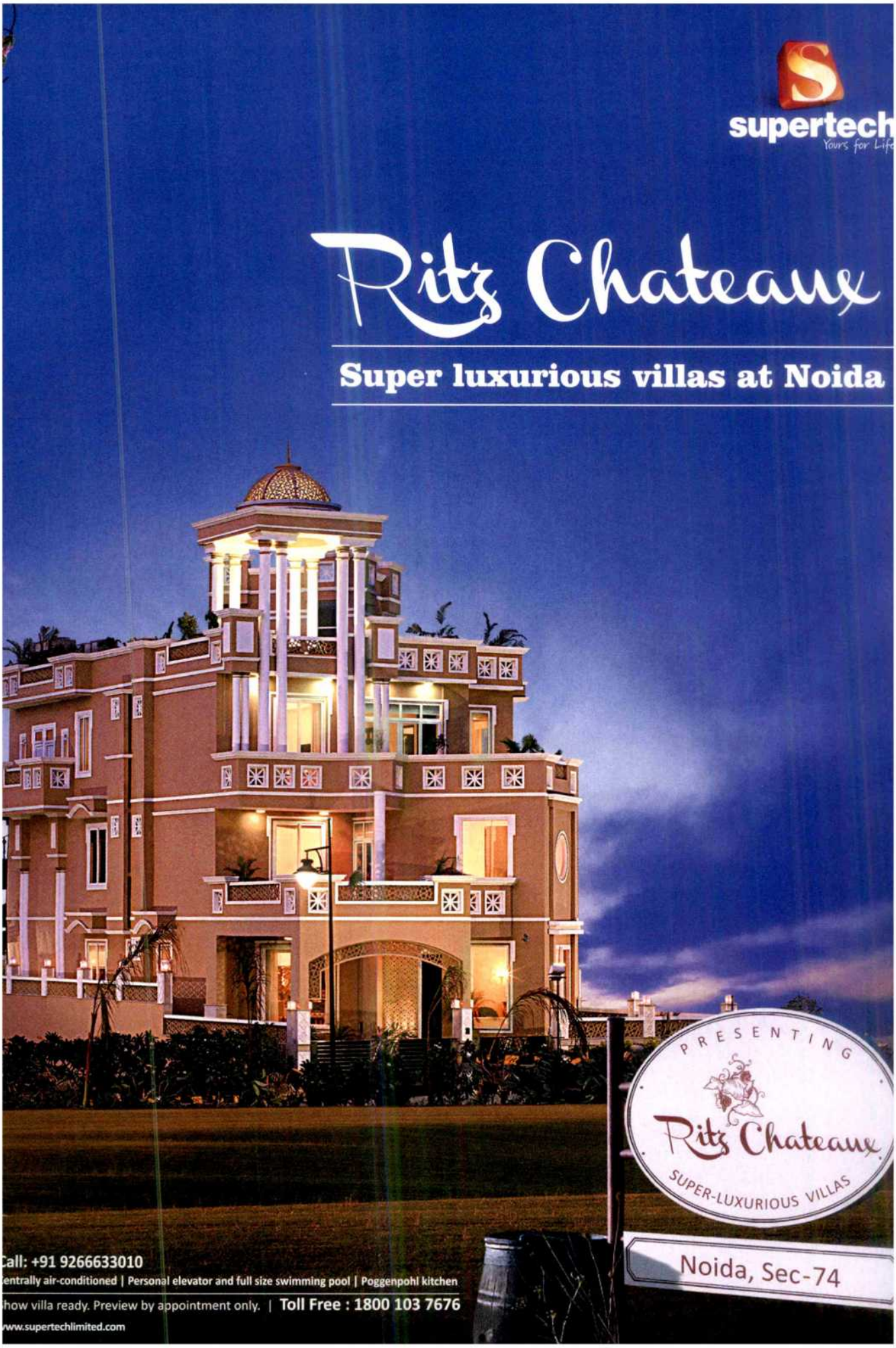
Large, branded events cost a couple of crores, with delegates paying entry fees of up to ₹6,000, while small gatherings of 40 to 50 people cost about ₹1 lakh, and entry fees are sometimes as low as ₹100. Increasing support from the local community of entrepreneurs has helped reduce costs. "People offer their own space for meet-ups," says Vijay Anand who organises In50Hours, an event at which people form teams to build prototypes. In 2011, fifteen prototypes were built at such events, and in 2012, the number shot up to 280.

Informal meet-ups can help early-stage entrepreneurs meet people on the

BUILD-A-VENTURE WEEKENDS

Start-ups launched so far

- In50Hours: 28
- Start-up Weekends: 20
- Weekend Ventures: 10


supertech
Yours for Life
Ritz Chateaux
Super luxurious villas at Noida
PRESENTING
Ritz Chateaux
SUPER-LUXURIOUS VILLAS
Noida, Sec-74
Call: +91 9266633010
entrally air-conditioned | Personal elevator and full size swimming pool | Poggenpohl kitchen
how villa ready. Preview by appointment only. | Toll Free : 1800 103 7676
ww.supertechlimited.com

The co-founder and CEO of Letsintern.com, who goes only by the name Rishabh, says at a **Start-up Funerals session in Delhi** that "jugaad tactics are not scalable for a growing start-up". He emphasises the need to build the right processes and value systems.

same plane, says Arpit Agarwal, co-founder and Director at the volunteer-driven HeadStart Network, which organises Start-up Saturdays every month in several cities.

Technology industry body NASSCOM launched its 10,000 Start-ups programme this year. The goal is to incubate 10,000 technology start-ups in 10 years. It has already got 4,000 applications and held 50 events. At Start-up Roots, the first small event held in Bangalore recently, the audience of about 300 learned about negotiating with angel investors in reality-show fashion, and four start-ups came away with a total of ₹1.8 crore.

Business plan competitions such as IIT Bombay's Eureka and BITS Pilani's Conquest are seeking ways to become more meaningful. "Most contestants were just interested in the prize money ... plans remained ideas only," says Suvonil Chatterjee, CEO of Conquest 2013, to be held in Delhi this year. Con-quest is now a multi-city platform for start-ups to present business ideas and participate in mentoring sessions.

Not all meet-ups are serious. At the Big Bad Start-up Bash, hosted by start-up accelerator 91Springboard, entrepreneurs pay a ₹250 entry fee for the chance to shoot the breeze with peers over drinks.

Connecting the Dots

Many investor networks rely heavily on events, too, to source deals. "What we are doing is just not enough, though we are encouraged by what's happening," says NASSCOM's Mittal. He adds that there still too little networking between investor groups and start-ups. Events can help bridge that gap. Innoz's Ravindran says they gave him the opportunity to talk to people and get feedback right at the idea stage. "Entrepreneurs are story-tellers," he says. "They need to make their story go viral." ◆

Send your comments to editor.bt@intoday.com

BUSINESS PLAN COMPETITIONS

Eureka	IIT Bombay
Empresario	IIT Kharagpur
Conquest	BITS Pilani
Next Big Idea	IIM Bangalore

LEISURE HOTEL
experience 'more'

OUTDOOR TRAINING PROGRAM

Leisure Hotels presents interesting venues for out-of-the-ordinary business conferences & corporate training programs. Picturesque destinations, all fully equipped with the latest state-of-the-art conferencing facilities combined with the best in Indian hospitality await you. At each of our resorts, you will find a panel of experts with customised and meticulous planning capabilities ready to make any event not just successful, but also an enjoyable and memorable experience for the participants. So, get ready. It's time to change the corporate rules a bit and take a few tips from Mother Nature.

CONFERENCE • M.D.P • O.M.D • TEAM BUILDING

Enjoy non-stop holidays* for next 25 years with your family and loved ones in India & Abroad to know more call us at 9818009849.
*T&C apply.

LEISURE HOTELS LIMITED • F 3/6, Ground Floor • Okhla Industrial Area • Phase I • New Delhi 110 020 • Phone +91 11 4652 0000 • Mobile +91 9810721323 • Fax +91 11 4652 0050 • Email info@leisurehotels.in • www.leisurehotels.in • **Mumbai** +91 99875 21405 • **Ahmedabad** +91 97254 39393 • **FOR RESERVATIONS CALL TOLL FREE 18001024652**

The Corbett Hideaway CORBETT
The Riverview Retreat CORBETT
THE NAINI RETREAT NAINITAL
Aranya SAFARI RESORT
Sun 'n' Snow inn Kausani
forest RAJAJI NATIONAL PARK
THE MANOR KASHIPUR & RANIKHET

Harvard Business Review
www.hbr.org

RECLAIM YOUR CREATIVE CONFIDENCE

How to get over the fears that block your best ideas.

By TOM KELLEY and DAVID KELLEY

Most people are born creative. As children, we revel in imaginary play, ask outlandish questions, draw blobs and call them dinosaurs. But over time, because of socialisation and formal education, a lot of us start to stifle those impulses. We learn to be warier of judgment, more cautious, more analytical. The world seems to divide into "creatives" and "noncreatives," and too many people consciously or unconsciously resign themselves to the latter category.

And yet we know that creativity is essential to success in any discipline or industry. According to a recent IBM survey of chief executives around the world, it's the most sought-after trait in leaders today. No one can deny that creative thinking has enabled the rise and continued success of countless companies, from start-ups like Facebook and Google to stalwarts like Procter & Gamble and General Electric.

Students often come to Stanford University's "d.school" (which was founded by one of us – David Kelley – and is formally known as the Hasso Plattner Institute of Design) to develop their creativity. Clients work with IDEO, our design and innovation consultancy, for the same reason. But along the way, we've learned that our job isn't to *teach* them creativity. It's to help them *rediscover* their creative confidence – the natural ability to come up with new ideas and the courage to try them out. We do this by giving them strategies to get past four fears that hold most of us back: fear of the messy unknown, fear of being judged, fear of the

first step, and fear of losing control.

Easier said than done, you might argue. But we know it's possible for people to overcome even their most deep-seated fears. Consider the work of Albert Bandura, a world-renowned psychologist and Stanford professor. In one series of early experiments, he helped people conquer lifelong snake phobias by guiding them through a series of increasingly demanding interactions. They would start by watching a snake through a two-way mirror. Once comfortable with that, they'd progress to observing it through an open door, then to watching someone else touch the snake, then to touching it themselves through a heavy leather glove, and, finally, in a few hours, to touching it with their own bare hands. Bandura calls this process of experiencing one small success after another "guided mastery." The people who went through it weren't just cured of a crippling fear they had assumed was untreatable. They also had less anxiety and more success in other parts of their lives, taking up new and potentially frightening activities like horseback riding and public speaking. They tried harder, persevered longer, and had more resilience in the face of failure. They had gained a new confidence in their ability to attain what they set out to do.

We've used much the same approach over the past 30 years to help people transcend the fears that block their creativity. You break challenges down into small steps and then build confidence by succeeding on one after another. Creativity is something you practise, not just a talent you're born with. The process may feel a little uncomfortable at first, but – as the snake phobics learned – the discomfort quickly fades away and is replaced with new confidence and capabilities.

Fear of the Messy Unknown

Creative thinking in business begins with having empathy for your customers (whether they're internal or external), and you can't get that sitting behind a desk. Yes, we know it's cozy in your office. Everything is reassuringly familiar; information comes from predictable sources; contradictory data are weeded out and ignored. Out in the world, it's more chaotic. You have to deal with unexpected findings, with uncertainty, and with irrational people who say things you don't want to hear. But that is where you find insights – and creative breakthroughs. Venturing forth in pursuit of learning, even without a hypothesis, can open you up to new information and help you discover nonobvious needs. Otherwise, you risk simply reconfirming ideas you've already had or waiting for others – your customers, your boss, or even your competitors – to tell you what to do.

At the d.school, we routinely assign students to do this sort of anthropological fieldwork – to get out of their comfort zones and into the world – until, suddenly, they start doing it on their own. Consider a computer scientist, two engineers, and an MBA student, all of whom took the Extreme Affordability class taught by Stanford business school professor Jim Patell. They eventually realised that they couldn't complete their group project – to research and design a low-cost incubator for newborn babies in the developing world – while living in safe, suburban California. So they gathered their courage and visited rural Nepal. Talking with families and doctors firsthand, they learned that the babies in gravest danger were those born prematurely in areas far from hospitals. Nepalese villagers didn't need a cheaper incubator at the hospital – they needed a fail-safe way to keep babies warm when they were away from doctors who could do so effectively. Those insights led the team to design a miniature "sleeping bag" with a pouch containing a special heat-storing wax. The Embrace Infant Warmer costs 99 per cent less than a traditional incubator and can maintain the right temperature for up to six hours without an external power source. The innovation has the potential to save millions of low-birth-weight and premature babies every year, and it came about only because the team members were willing to throw themselves into unfamiliar territory.

Another example comes from two students, Akshay Kothari and Ankit Gupta, who took the d.school's Launchpad course. The class required them to start a company from scratch by the end of the 10-week academic quarter. Both were self-described "geeks" – technically brilliant, deeply analytical, and definitely shy. But they opted to work on their project – an elegant news reader for the then-newly released iPad – off-campus in a Palo Alto café where they'd be surrounded by potential users. Getting over the awkwardness of approaching strangers, Akshay gathered feedback by asking café patrons to experiment with his prototypes. Ankit coded hundreds of small variations to be tested each day – changing everything from interaction patterns to the size of a button. In a matter of weeks they rapidly iterated their way to a successful product. "We went from people saying, 'This is crap,'" says Akshay, "to 'Is this app preloaded on every iPad?'" The result – Pulse News – received public praise from Steve Jobs at a worldwide developer's conference only a few months later, has been downloaded by 15 million people, and is one of the original 50 apps in Apple's App Store Hall of Fame.

It's not just entrepreneurs and product developers who should get into "the mess." Senior managers also must hear directly from anyone affected by their decisions. For instance, midway through a management off-site IDEO held for ConAgra Foods, the executives broke away from their upscale conference rooms to explore gritty Detroit neighbourhoods, where you can go miles without seeing a grocery store. They personally observed how inner-city residents reacted to food products and spoke with an urban farmer who hopes to turn abandoned lots into community gardens. Now, according to Al Bolles, ConAgra's executive vice president of research, quality, and innovation, such behaviour is common at the company. "A few years ago, it was hard to pry my executive team away from the office," he says, "but now we venture out and get onto our customers' home turf to get insights about what they really need."

TACKLING THE

By CAROLINE O'CONNOR and SARAH STEIN GREENBERG

You can work up the confidence to tackle the big fears that hold most of us back by starting small. Here are a few ways to get comfortable with venturing into the messy unknown. The list gets increasingly challenging, but you can follow the first two suggestions without even leaving your desk.

Lurk in online forums. Listen in as potential customers share information, air grievances, and ask questions – it's the virtual equivalent of hanging around a popular café. You're not looking for evaluations of features or cost; you're searching for clues about their concerns and desires.

Fear of Being Judged

If the scribbling, singing, dancing kindergartner symbolises unfettered creative expression, the awkward teenager represents the opposite: someone who cares – deeply – about what other people think. It takes only a few years to develop that fear of judgment, but it stays with us throughout our adult lives, often constraining our careers. Most of us accept that when we are learning, say, to ski, others will see us fall down until practice pays off. But we can't risk our business-world ego in the same way. As a result, we self-edit, killing potentially creative ideas because we're afraid our bosses or peers will see us fail. We stick to "safe" solutions or suggestions. We hang back, allowing others to take risks. But you can't be creative if you are constantly censoring yourself.

Half the battle is to resist judging *yourself*. If you can listen to your own intuition and embrace more of your ideas (good and bad), you're already partway to overcoming this fear. So take baby steps, as Bandura's clients did. Instead of letting thoughts run through your head and down the drain, capture them systematically in some form of idea notebook. Keep a whiteboard and marker in the shower. Schedule daily "white space" in your calendar, where your only task is to think or take a walk and daydream. When you try to generate ideas, shoot for 100 instead of 10. Defer your own judgment and you'll be surprised at how many ideas you have – and like – by the end of the week.

Also, try using new language when you give feedback, and encourage your collaborators to do the same. At the d.school, our feedback typically starts with "I like..." and moves on to "I wish..." instead of just passing judgment with put-downs like "That will never work." Opening with the positives and then using the first person for suggestions signals that "This is just my opinion and I want to help," which makes listeners more receptive to your ideas.

We recently worked with Air New Zealand to reinvent the customer experience for its long-distance flights. As a highly regulated industry, airlines tend towards conservatism. To overcome the cultural norm of scepticism and caution, we started with a workshop aimed at generating crazy ideas. Executivesbrainstormed and prototyped a dozen unconventional (and some seemingly impractical) concepts, including harnesses that hold people standing up, groups of seats facing one another around a table, and even hammocks and bunk beds. Everyone was doing it, so no one was scared he or she would be judged. This willingness to consider wild notions and defer judgment eventually led the Air New Zealand team to a creativebreakthrough:theSkycouch,alie-flat seat for economy class. At first, it seemed impossible that such a seat could be made without enlarging its footprint (seats in business and first-class cabins take up much more space), but the new design does just that: A heavily padded section swings up like a footrest to transform an airline row into a futonlike platform that a couple can lie down on together. The Skycouch is now featured on a number of Air New Zealand's international flights, and the company has won several industry awards as a result.

Fear of the First Step

Even when we want to embrace our creative ideas, acting on them presents its own challenges. Creative efforts are hardest at the beginning. The writer faces the blank page; the teacher, the start of school; businesspeople, the first day of a new project. In a broader sense, we're also talking about fear of charting a new path or breaking out of your predictable workflow. To overcome this inertia, good ideas are not enough. You need to stop planning and just get started – and the best way to do that is to stop focusing on the huge overall task and find a small piece you can tackle right away.

Best-selling writer Anne Lamott expertly captures this idea in a story from her childhood. Her brother had been assigned a school report about birds, but he waited to start on it until the night before it was due. He was near tears, overwhelmed by the task ahead, until his father gave him some wise advice: "Bird by bird, buddy. Just take it bird by bird." In a business context, you can push yourself to take the first step by asking: What is the low-cost experiment? What's the quickest, cheapest way to make progress towards the larger goal?

Or give yourself a crazy deadline, as John Keefe, a d.school alum and a senior editor at radio station WNYC, did after a colleague complained that her mom had to wait at city bus stops never knowing when the next bus would come. If you worked for New York City Transit and your boss asked you to solve that problem, how soon would you promise to get a system up and running? Six weeks? Ten? John, who *doesn't* work for the transit authority, said, "Give me till the end of the day." He bought an 800 number, figured out how to access real-time bus data, and linked it to text-to-speech technology. Within 24 hours, he had set up a service that allowed bus riders to call in, input their bus stop number, and hear the location of the approaching bus. John applies the same fearless attitude to his work at WNYC. "The most effective way I've found to practise design thinking is by showing, not telling," he explains.

Another example of the "start simple" strategy comes from an IDEO project to develop a new dashboard feature for a European luxury car. To test their ideas, designers videotaped

MESS, ONE STEP AT A TIME

Pick up the phone and call your own company's customer service line. Walk through the experience as if you were a customer, noting how your problem is handled and how you're feeling along the way.

Seek out an unexpected expert. What does the receptionist in your building know about your firm's customer experience? If you use a car service for work travel, what insights do the drivers have about your firm? If you're in health care, talk to a medical assistant, not a doctor. If you make a physical product, ask a repair person to tell you about common failure areas.

Act like a spy. Take a magazine and a pair of headphones to a store or an industry conference (or, if your customers are internal, a break room or lunch area). Pretend to read while you observe. Watch as if you were a kid, trying to understand what is going on. How are people interacting with your offering? What can you glean from their body language?

Casually interview a customer or potential customer. After you've gotten more comfortable venturing out, try this: Write down a few open-ended questions about your product or service. Go to a place where your customers tend to gather, find someone you'd be comfortable approaching, and say you'd like to ask a few questions. If the person refuses? No problem, just try someone else. Eventually you'll find someone who's dying to talk to you. Press for more detail with every question. Even if you think you understand, ask "Why is that?" or "Can you tell me more about that?" Get people to dig into their own underlying assumptions.

Caroline O'Connor *is a lecturer at the Hasso Plattner Institute of Design.* **Sarah Stein Greenberg** *is its managing director.*

an existing car and then used digital effects to layer on proposed features. The rapid prototyping process took less than a week. When the team showed the video to our client, he laughed. "Last time we did something like this," he said, "we built a prototype car, which took almost a year and cost over a million dollars. Then we took a video of it. You skipped the car and went straight to the video."

Our mantra is "Don't get ready, get started!" The first step will seem much less daunting if you make it a tiny one and you force yourself to do it *right now*. Rather than stalling and allowing your anxiety to build, just start inching towards the snake.

Fear of Losing Control

Confidence doesn't simply mean believing your ideas are good. It means having the humility to let go of ideas that aren't working and to accept good ideas from other people. When you abandon the status quo and work collaboratively, you sacrifice control over your product, your team, and your business. But the creative gains can more than compensate. Again, you can start small. If you're facing a tough challenge, try calling a meeting with people fresh to the topic. Or break the routine of a weekly meeting by letting the most junior person in the room set the agenda and lead it. Look for opportunities to cede control and leverage different perspectives.

That's exactly what Bonny Simi, director of airport planning at JetBlue Airways, did after an ice storm closed JFK International Airport for a six-hour stretch in 2007 – and disrupted the airline's flight service for the next six days. Everyone knew there were operational problems to be fixed, but no one knew exactly what to do. Fresh from a d.school course, Bonny suggested that JetBlue brainstorm solutions from the bottom up rather than the top down. First, she gathered a team of 120 frontline employees together for just one day – pilots, flight attendants, dispatchers, ramp workers, crew schedulers, and other staff members. Then she mapped out their disruption recovery actions (using yellow Post-it notes) and the challenges they faced (using pink ones). By the end of the day, Bonny's grassroots task force had reached new insights – and resolve. The distributed team then spent the next few months working through more than a thousand pink Post-its to creatively solve each problem. By admitting that the answers lay in the collective, Bonny did more than she could ever have done alone. And JetBlue now recovers from major disruptions significantly faster than it did before.

Our own experience with the open innovation platform OpenIDEO is another case in point. Its launch was scary in two ways: First, we were starting a public conversation that could quickly get out of hand; second, we were admitting that we don't have all the answers. But we were ready, like Bandura's phobics, to take a bigger leap – to touch the snake. And we soon discovered the benefits. Today, the OpenIDEO community includes about 30,000 people from 170 countries. They may never meet in person, but together they've already made a difference on dozens of initiatives – from helping revitalise cities in economic decline to prototyping ultrasound services for expectant mothers in Colombia. We've learned that no matter what group you're in or where you work, there are always more ideas outside than inside.

For people with backgrounds as diverse as those of Akshay, Ankit, John, and Bonny, fear – of the messy unknown, of judgment, of taking the first step, or of letting go – could have blocked the path to innovation. But instead, they worked to overcome their fears, rediscovered their creative confidence, and made a difference. As Hungarian essayist György Konrád once said, "Courage is only the accumulation of small steps." So don't wait at the starting line. Let go of your fears and begin practising creative confidence today. ◆

Tom Kelley *is the general manager of IDEO and the author of* The Ten Faces of Innovation *(Currency/Doubleday, 2005).* **David Kelley** *is the founder and chairman of IDEO and the founder of the Hasso Plattner Institute of Design at Stanford.* *This article was published in* HBR, *December 2012.* *Copyright©2013 Harvard Business School Publishing Corporation. All rights reserved.*

LAST BUT NOT LEAST

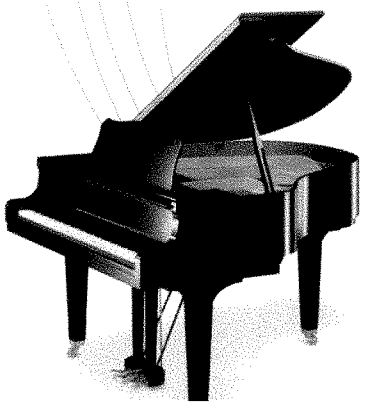
RIGHT CLICK 118 CAREERS 122 PEOPLEBUSINESS 128

IN TUNE WITH DEMAND

A Mumbai-based musical instrument dealer is betting that India needs more piano tuners and repairers, and has set up a school to train them. By UMA ASHER

Khanna Industrial Estate, a grimy corner of eastern Mumbai, seems an unlikely place to seek harmony. But you can find it if you go past the sheds of gas cylinders and metal scrap, ignore the signs on a warehouse that say "Universal Book Corporation", and walk through a side door into a huge hall that is surprisingly bright. This is the Furtados Institute of Piano Technology, set up by Furtados, a musical instrument retail chain with 21 stores nationwide. The institute teaches the skills needed to tune, repair and restore traditional acoustic pianos.

At first glance, it is hard to tell how many pianos are in the hall, because they have all been taken apart. It's like stepping into a Picasso painting – you can see all sides of each piano at once, even the inside. A woman in an apron works on some parts laid out on a table. In a room off the main hall, two men work to restore a century-old Chappell grand piano that belongs to one of the city's oldest cathedrals. At the back are several tuning rooms and a wood-polishing room.



In another room, two large models of piano keys sit on a conference table, while a Bluethner upright stands in the corner. "Fixing it will cost its owner ₹1.7 lakh," says Steve Droy, course director at the institute. Bluethner, he explains, is a German maker of handcrafted pianos, and a new one costs around £25,000 (₹22.6 lakh). He adds that this specimen,

RACHIT GOSWAMI/www.indiatodayimages.com

Down to the wire: Goa native David De Melo, 21, is studying to be one of India's first home-grown, formally trained piano technicians

nearly 100 years old, will be restored with traditional materials, not modern composite ones. Many owners are keen to preserve the authenticity of their instruments, he says.

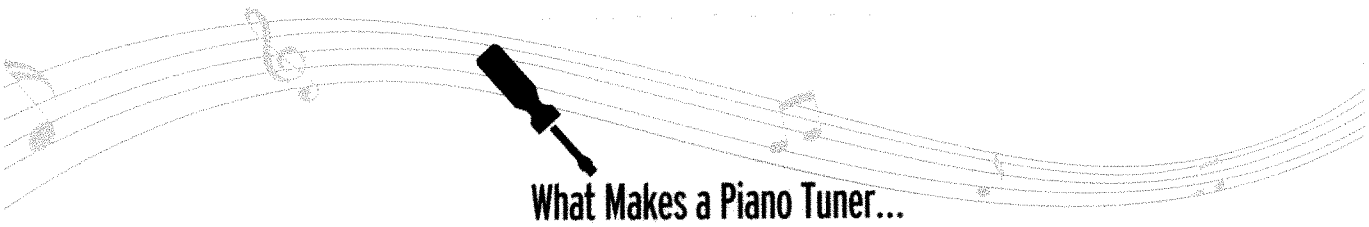
Droy, a tuning expert, and piano restorer D.J.Y. Smallman comprise the institute's faculty. They moved to India from the UK for the job, and are qualified to work on such hallowed pianos as Steinways and Bechsteins. Furtados hired them to teach their craft as they were taught. Droy says: "The best way to learn is to take apart and rebuild an entire piano." That is 10,000 parts, 230 strings and 25 ons of strain (strain is a force that ›ulls or stretches something).

Furtados's venture has two goals. One is to fill "a crying need" for tuners, says Anthony Gomes, Partner at B.X. Furtado & Sons, which owns the Furtados chain. The other, Droy says, is to train Indian tuners and repairers to meet the highest global standards.

Gomes says tuners in the country have not got due recognition as professionals, and he wants to change that. Of course, India has had tuners for decades. They picked up their craft in British-era piano shops and passed it on to later generations, he says, but they are too few to meet the demand.

He won't say how much Furtados invested in setting up the course, but there are international faculty salaries to pay and a lease for some 3,000 square feet of space. Student fees total around ₹1.5 lakh a month. There is no way to estimate how many pianos there are in India, nor how many tuners the market can absorb.

So is Furtados crazy to pour money into this venture? Not really. Although Gomes is unwilling to share Furtados sales numbers, it is clear that Indians are buying pianos like never before. In addition to selling through other retail stores, Japanese piano maker Kawai has opened exclusive outlets in four cities. Yamaha,



What Makes a Piano Tuner...

Requirements: Patience, ear for pitch, willingness to work with one's hands

Musical training: Preferred, but not essential

Course duration: 2 years full-time

Fees: ₹15,000/month in the first year, and ₹3,000 in the second, plus accommodation and tools

Outcome: Diploma, skills that meet global standards

Job potential: Work with piano shop or start your own business, in India or elsewhere

...and What a Piano Tuner Makes

Time taken to tune a piano: 1 to 2 hours

Earning potential: ₹5,000 to ₹12,000 a day

another Japanese company, has outlets not just in the metros but also in cities such as Indore, Madhya Pradesh, and Raipur, Chhattisgarh.

Gomes says that while digital pianos, which need no tuning, have seen "explosive growth", demand for acoustic ones is growing, too. "Hotels like grand pianos because they look beautiful," he says. "But the greatest demand is from individuals who want a piano at home." While digital pianos are popular in cities such as Mumbai, where homes are compact, customers in Chennai and Delhi prefer acoustic models, he says. Annual maintenance contracts – steady work for tuners – are a new trend, he adds.

While hundreds of new pianos are sold each year, the old ones are still going strong. A domestic piano requires tuning two or three times a year. A concert piano is tuned several times between the storage location and the concert intermission. So there is plenty of work for tuners.

Droy says the skill shortage is global. China has 200 piano factories, and the Pearl River company alone produces 120,000 pianos a year. These are sold worldwide, including India. There is a surge of interest in the piano in emerging economies. In India, retailers such as Furtados and Kawai distributor Theme Music have branched into music education.

"More people take piano lessons in China than the entire population of the UK," says Droy. He says music exams conducted by Trinity College, London, are more popular in India than anywhere else in the world. According to Anjli Mata, Trinity College's representative for North India, some 30 to 35 per cent of Trinity's 28,000 music exam candidates in India in 2012 were studying the piano. The total number of music students is higher, because two other British organisations also conduct music exams in India. Droy says: "If India produces a world-class musician like Chinese classical pianist Lang Lang, the whole thing could go ballistic!"

This is what Furtados is betting on. The institute's second lot of about 10 students began their two-year course in June. The first lot has completed its year of instruction and will now work on independent projects under the supervision of Droy and Smallman.

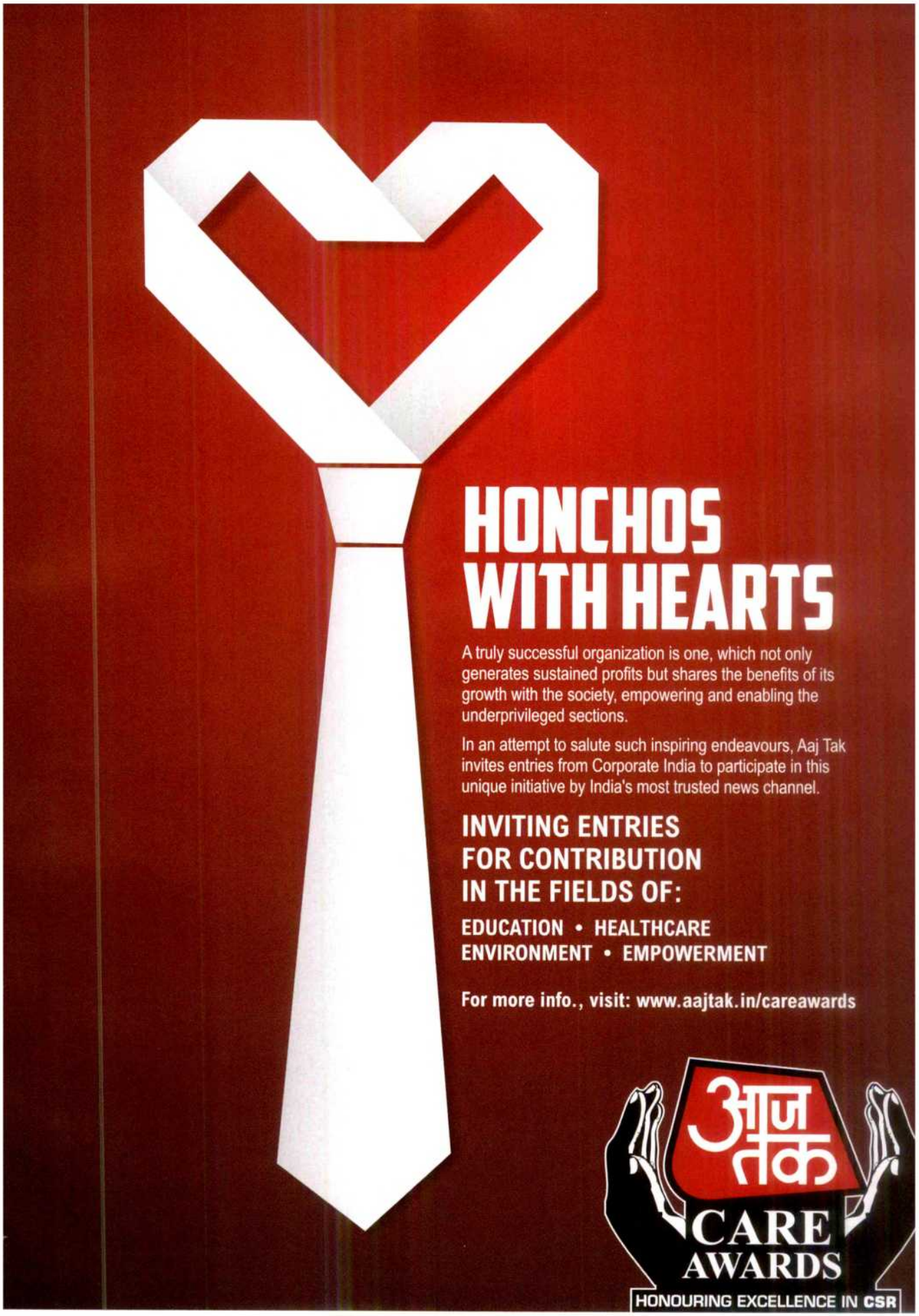
At the end of the academic year, the first batch of successful students will get a diploma and become India's first home-grown, formally trained piano tuners and repairers. Droy says their internationally recognised credentials would increase their chances of finding work overseas – in Dubai, for example.

Among the first lot is 21-year-old Goa native, violinist and Coldplay fan David De Melo. He was doing a BA in journalism, but his heart was not in it. "I felt I was wasting my time in college," he says. He decided to take a break, which is when his mother heard about the piano tuning course from Furtados's manager in Goa and encouraged her son to sign up. "I'm happy to be one of the first students," he says. "I want to gain as much experience as possible in the practicals year." After he gets his diploma, he says, he is willing to work in any city.

And what will life be like for these new professionals? Droy, who still has his 25-year-old piano services business in London, says he enjoys going to people's homes to tune their pianos – "from the most palatial houses with a grand piano just sitting there, to the most humble homes with a beat-up old piano that someone gave the family". His face lights up when he talks about his work. His other favourite topics include teaching and Jimi Hendrix (Droy is a guitarist).

While Smallman has worked on the pianos of pop legends Elton John and Stevie Wonder, footballer David Beckham, and former UK prime minister Tony Blair, Droy's client list includes Coldplay, Lionel Richie and Wynton Marsalis. He also toured with Norah Jones during her recent visit to India. So does she have a fancy piano? He says: "No. She lugs this 1960s piano around the world. I prayed every night that none of its strings would break." ◆

Send your comments to editor.bt@intoday



Associate Sponsors
LED LIGHTS | Aquaguard
Research Partner
IMRB
Knowledge Partner
FICCI
Radio Partner
OYE!
Online Par
INDIA TODAY

NANDAGOPAL RAJAN

The Coming Tablet Raj

The innovative uses the tablet is being put to are mind boggling

Some of you might have read about Raymond Cody, the American pilot who landed a single-engine aircraft with the help of his iPad and instructions from the Transport Security Administration customer control after the electronics on his plane failed. Impressive as his heroics seem, I believe it is no big deal. In fact, I have also flown an aircraft and landed it using an app on my iPad. Yes, that aircraft was much smaller – a Parrot AR.Drone 2.0 quadricopter that weighed under a kilo. But the iPad app let me do more than track the flight path as Cody did. Even when the drone was flying a bit far away from where I was, I could see what lay ahead and below – using inbuilt cameras that were relaying live feeds to the iPad app. Now there are even apps that let you play augmented reality games using the drone.

The AR.Drone 2.0 is a good example of how the tablet is now becoming more than a consumption-oriented computing device. The drone can be controlled only with a tablet or a smartphone as it does not have any physical controls. The day is not far away when you will carry a tablet, or even a smaller screen, to drive your car. Then, using it, perfect the settings of a connected home and finally employ it as a computing device.

Those checking into certain rooms at the ITC Maurya in New Delhi or the Grand Chola in Chennai in coming days will find a tablet near their bedside, which will be their digital concierge for the duration of the stay. It will be locked to an app called DigiValet, created by an Indian company called Paragon Business Solutions. The app will enable them to control the lighting and temperature in their rooms, check the menu and order dinner, book a spa appointment, and even request a movie or read a newspaper. DigiValet is already installed in over 4,000 rooms globally, including the Armani Hotel in Dubai's Burj Khalifa and the Oberoi Hotel in Bangalore. No, the tablet will not replace hotel folio or the room service number, but it can make life much simpler on both sides of the front desk.

Similarly, you will also see smart devices replacing the notepad or clipboard. There are already restaurants globally that use tablets, smartphones or even iPods to take orders that are immediately transmitted to the PoS (point of sale) system, thus reducing the room for error and delays. In India, Maruti Suzuki has already started empowering its service advisors with tablets, which they use to record service requests on the floor. They also use these devices to click images of the vehicles for dents and scratches. Maruti claims that this initiative has drastically reduced the time taken to initiate the service as the Android tablets are directly linked to their dealer management systems.

If you think these innovations are not going to find widespread use, you couldn't be more wrong. Thanks to the tablet's falling price tags, its adoption is going through the roof, especially in India. According to research firm IDC's Worldwide Quarterly Tablet Tracker data for 2012, approximately 2.66 million tablets were sold in the country. That is a whopping 901 per cent year-on-year growth from 2011. And tablets have only become cheaper in the first quarter of 2013. So, it would be no surprise if people start buying tablets for much more than regular browsing or content consumption.

I recently came across a use for the tablet that could, in a way, put humans out of service. Double Robotics, an American technology start-up, has started accepting pre-orders for a contraption called the Double. Their catch line, 'Wheels for the iPad', might not give away much, but the Double, which can be pre-booked for $2,499, can replace you in places you cannot be physically present in. Just plug an iPad on top of the Double and you could be part of a board meeting in Mumbai, even though you are actually on holiday in Mauritius. And since the Double can move around, stand and adjust height, it could be more effective than regular videoconferencing. Robotic telepresence, as the technology is called, has many other uses – from providing virtual teachers in remote schools to remotely letting you take a tour of the Louvre in Paris or any other museum.

It certainly seems like a good time to pop that tablet. ◆

Harvard Business Review

Stand tall. **Above all.**

INDIA TODAY GROUP

Preferred by **Smart, Driven** and **Successful** professionals - from young managers to CEOs, and entrepreneurs.

How about you?

Subscription Benefits

- ✓ Save up to 61%* on the cover price
- ✓ HBRSA, Same editorial content as the U.S. edition
- ✓ Unlimited access# to online archives of over 25 year of past HBR issues
- ✓ Get complimentary access to 4 live webinars worth ₹6000/- with renowned global thought leaders

*On 3 Year Print only Subscription
With Premium Subscription only

For quicker service, log on to **www.hbrsasia.org**

SUBSCRIPTION FORM

Please enroll my subscription to Harvard Business Review - South Asia for the term indicated below:

SELECT YOUR TERM	ISSUES	PRICE	SAVE	OFFER PRICE
☐ 3 year Premium (Print + Online) Access to HBR archives online	36	₹34,500	51%	₹16,900
☐ 3 year Print only	36	₹27,000	61%	₹10,400
☐ 2 year Premium (Print + Online) Access to HBR archives online	24	₹23,000	49%	₹11,700
☐ 2 year Print only	24	₹18,000	60%	₹7,200
☐ 1 year Premium (Print + Online) Access to HBR archives online	12	₹11,500	43%	₹6,500
☐ 1 year Print only	12	₹9,000	56%	₹4,000

GIFT

2 HBR Essential Series Book worth Rs.990/-

- **Decision Making: 5 Steps to Better Results**
- **Time Management : Increase your Personal Productivity and Effectiveness**

e (Mr./Ms.) _____

ess _____

☐ Home ☐ Office

_____ Post Code _____ Tel (H) _____

_____ Fax _____ Email _____ ☐ New ☐ Renew _____

(please indicate your customer number)

ıse one:

Charge my credit card: ☐ VISA ☐ ☐

Card No. _____ Expiry _____ Signature _____

Enclosed is my ☐ Cheque ☐ DD No. _____ (in favour of Living Media India Ltd. For non-Delhi cheques please add ₹50)

Please tick this box to authorise HBR SA to get in touch with you.

uthorises HBR SA to communicate about its products & promotions through mail/phone/printed material / email etc. *This authorisation is irrespective of my instruction elsewhere of not to be contacted or informed over phone/email/mail e

rd Business Review is published monthly, except for the Jan/Feb & July/August double issues which count as 2 issues each.

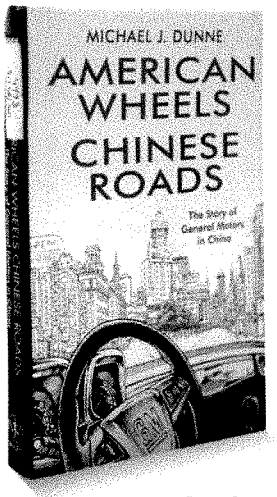
ption Terms & Conditions: Harvard Business Review South Asia Cover price is ₹750/- •Savings are off the cover price •Special rates and offer valid in India for a limited period only •Allow 4-6 weeks for processing of your subscription and dispatch ee gift.•Add ₹50/- for non-Delhi cheques •It will not be possible to entertain any cancellation once the free gift has been dispatched. •**Superscribe your name and address on the reverse of the cheque/DD** •All disputes are subject to the exclusive ion of competent courts and forums in Delhi/New Delhi only •HBR SA will not be responsible for any postal delays, transit losses or mutilation of the subscription form •By filling the subscription form, the subscriber understands and agrees to all the ıd conditions of the offer •Terms & conditions apply.

BT 4 August 2013

EASY WAYS TO (0120) 2479945

Winning at Chinese Checkers

The book reveals why doing business in China is an uncertain endeavour



American Wheels Chinese Roads: The Story of General Motors in China
By Michael J. Dunne
Wiley
Pages: 227; Price: $29.95

Have you ever wondered why no Indian company has ever made it big in China? Well, the strange and unfamiliar rules prevailing there make doing business in the Middle Kingdom a very uncertain endeavour. Most Indian corporate houses are still testing the waters rather than taking the plunge. Michael J. Dunne, President, Dunne & Company, a Hong Kong-based investment advisory firm, captures the existing climate best in this book saying: "If you gauge China accurately and have a little luck, you make a fortune. Get it wrong and there will be no good Samaritans to help you out of the road side ditch."

One foreign company that has tasted enormous success in China is General Motors (GM). Even as it faced heavy weather after the 2008 financial crisis in all the other markets it operated in, its performance in China remained good. In 2010, GM sold over a million Buicks, Chevrolets and Cadillacs in China and generated profits of about $1 billion. This marked the first time that GM sold more vehicles in China than in the US. Today China accounts for about 25 per cent of the company's total sales. As much as it captures GM's success story, the book also explains the very many 'potholes, detours, U-turns, setbacks, surprises and disappointments' a foreign company faces while doing business in China.

Every foreign company needs a licence to operate in China, and to get the licence, in many sectors, it needs a local partner. While this rule exists in many countries, what is unique about China is that in most cases the partner is the state or city governments. These partners tend to dominate in such a manner that the book quotes a western automotive expert as saying: "Some days it feels we're just like concubines." When it comes to names, the Chinese partner's name always comes first – Guangzhou-Toyota or Beijing Hyundai, to give two examples. The rules then get stranger. The Chinese partner, if it is a state-run unit, can have multiple joint ventures in the same sector. Thus, Shanghai Automotive Industry Corporation (SAIC), owned by the City of Shanghai, is a partner with GM in Shanghai GM and with Volkswagen in Shanghai Volkswagen.

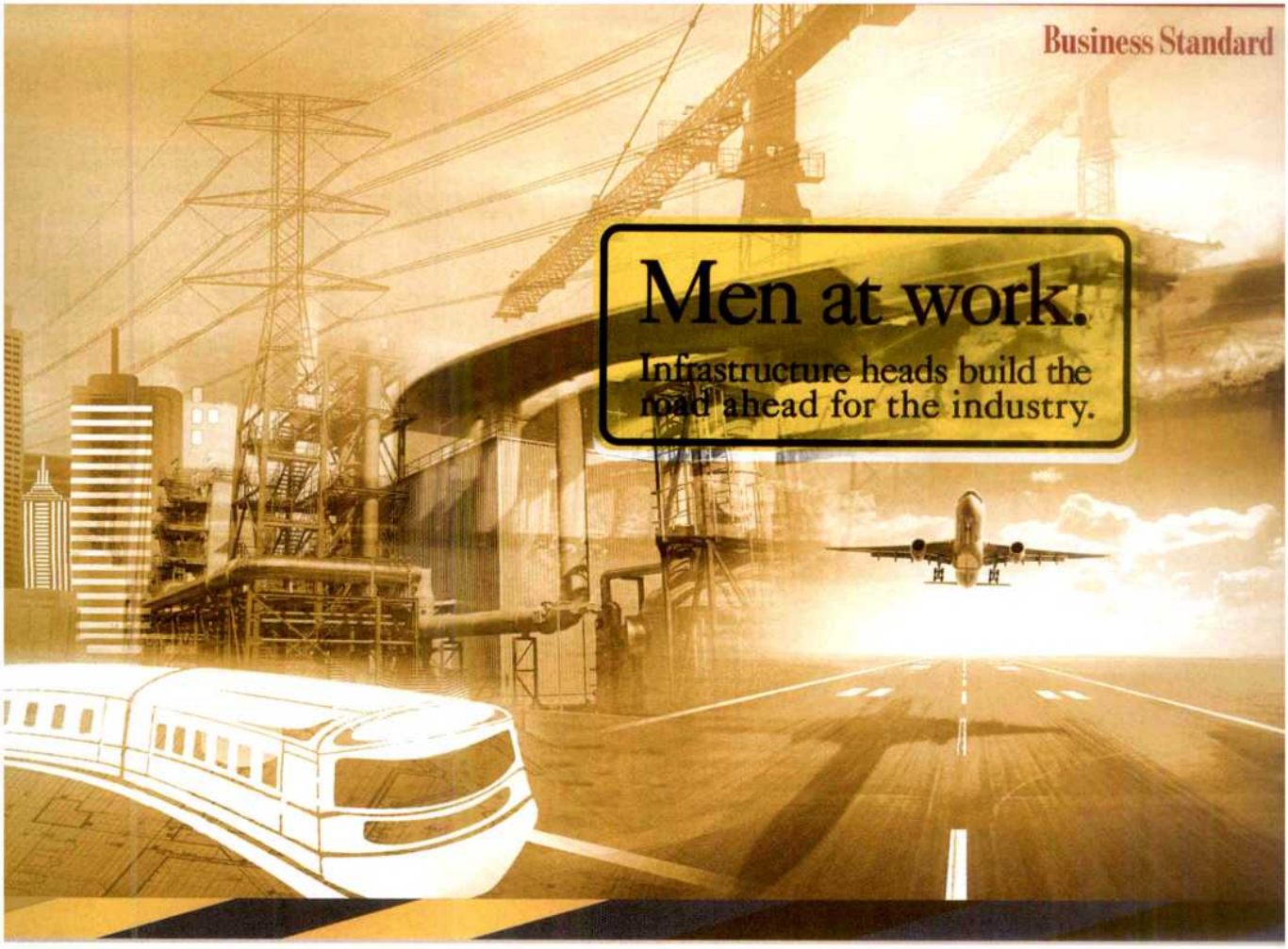
Add to this confusion the regulations that can change without much warning. Again, the government offers subsidies only to select state-run companies, not all. Even worse, as GM realised, its own partner SAIC could hold secret talks with Volkswagen, the partner of its other JV, to bring in a more modern product to counter Shanghai GM's proposed new product. Such an environment is hardly conducive to trust, points out Dunne.

The book reveals many interesting details – how the powerful in China, for instance, prefer to buy black sedans, or how cars which have a long waiting list are seen as superior. Chinese consumers tend to look askance at products that are too readily available, says Dunne. Also, the Chinese value their money and 'keep the change' is an attitude frowned upon.

The 2008 financial crisis and GM's inability to raise funds forced the company to sell one per cent stake to SAIC. Today Shanghai GM is a Chinese-owned company and GM is more or less just a large shareholder, with the company's board dominated by Chinese. GM seems to be just fine with it as of now, but what happens if its relationship with SAIC turns sour? Considering the uncertainty involved in dealing with China, Dunne has chosen to leave that unanswered. ◆

N. MADHAVAN

As much as it captures GM's success story, the book also explains the many 'potholes, detours, U-turns, setbacks, surprises and disappointments' a foreign company faces in China



GMR
Creating tomorrow today

presents

Business Standard
Infrastructure Round Table 2013

Chief Guest: **Shri Sriprakash Jaiswal,** Honourable Minister of Coal

Equity financing or debt financing? Public-private partnerships, public sector or private sector? Rigid environmental norms or relaxed regulations? What's the way forward for the infrastructure industry in these challenging times? Representatives from Power, Roads/Highways, Ports & Airports, Rail, Mining & Construction industries discuss the common areas of concern.

On Thursday, July 18th, 2013, 10.00 a.m onwards. Followed by lunch.
Sovereign-1, Hotel Le Meridien, New Delhi.

Entry by invitation only.
For invitation passes, please call: Manika Ahuja - Mob: +919899593483 Email: manika.ahuja@bsmail.in
Shailashri Fernandez - Mob: +919819946406 Email: shailashri.fernandez@bsmail.in

Presenting Sponsor
GMR Creating tomorrow today

Associate Sponsor
UNIVERSAL Construction Machinery
We Simplify Construction!

Organised by
BS conferences

Testing times: R&D scientists at an Agro Tech Foods lab in Gurgaon

ADITYA KAPOOR

Research and Grow Rich

Opportunities are growing in the corporate world for those seeking a career in research. By E. KUMAR SHARMA

Kavya Elchuri, 21, can see her future clearly. A year from now, she will be an architect – and, no, she will not be designing buildings. In the vocabulary of geeks, an "architect" is a person involved in research and development (R&D) in an infotech company. The third-year B.Tech student at Gitam University in Hyderabad has already taken a step toward her future: she was one of 106 students selected from a dozen Andhra Pradesh engineering colleges for an R&D training programme run by former Microsoft India Development Center (MIDC) Managing Director Srini Koppolu and Perraju Bendapudi, a partner architect at MIDC in Hyderabad.

During the six-week training programme, Elchuri helped build an online discussion web service akin to Twitter. A year from now, she sees herself working in either a big tech-focused multinational like Microsoft or Google or in a technology start-up. "I want to take up a career where I can play a role in building something," she says. "In start-ups, there

is greater scope to work directly with seniors and since they are small they depend a lot on those in R&D."

Chances are Elchuri's career will pan out just as she plans. She will probably be snapped up as soon as she graduates, as research and development opportunities are growing in India today with start-ups mushrooming across sectors from information technology to consumer goods. Many companies say they are spending more on R&D and hiring for R&D is also up. Glenmark Pharmaceuticals Senior Vice President Swati Rustagi says the company's R&D team has nearly doubled in the past five years from 350 to 650 with the bulk going into the drug discovery and development programme. During the same period, the company's R&D spend has grown more than three times to ₹510 crore budgeted for this year from ₹150 crore.

A career in R&D is particularly attractive today because these skills are in short supply. "There is a real shortage of people who set out to build their careers and think only of research and development as their chosen path. Most people want to get into business development and leadership," says Vikram Chhachhi, Executive Vice President, DHR International, a leading executive search firm.

Which are the sectors looking for more R&D? "Any core technology, internet-based companies or those in life sciences, telecommunication or even in core industries. For instance, there is need for R&D in oil and gas, renewable energy and, in fact, the whole area of energy. While it may not look glamorous from outside, many of them can provide very enriching careers in R&D," says Chhachhi.

They are not the only ones. The food business is investing heavily in research and development. "Given the growing consumer expectations for new offerings in foods, there is a lot of R&D work that is happening in food companies," says N. Narasimha Rao, Vice president, Human Resources, at Agro Tech Foods, which makes Sundrop oil and Act II popcorn.

New Economy companies too are investing in a big way in R&D. Consider travel, e-commerce and online commerce sites such as MakeMyTrip and Flipkart. A MakeMyTrip official says its technology development and online marketing teams have doubled in the past three years, taking the number of people in technology-related roles to a fourth of the total headcount of around 1,200. The company typically hires engineers from engineering schools such as the IITs, while product managers are mostly hired laterally.

Flipkart too has been expanding its technical team because all its technology is developed in-house. Amod Malviya, Senior Vice President and head of engineering, says the company has a technology department with 350 engineers. He adds that an e-commerce company needs R&D talent in several areas such as fraud detection, pricing and logistics.

Cigarettes and consumer goods giant ITC sees research and development as a big growth area. It has an R&D centre in Bangalore called the ITC Life Sciences and Technology Centre which employs 345 people, including more than 70 PhDs. ITC officials say R&D needs have grown because of the company's pace of growth, especially in its non-cigarette businesses. The turnover from its consumer goods businesses such as packaged foods and personal care products has crossed the ₹7,000-crore mark.

Not surprisingly, ITC officials quote Chairman Y.C. Deveshwar's speech at an annual general meeting in 2010 when he said: "As ITC moves into the future, its R&D programme will create new game-changing business opportunities." ◆

Send your comments to editor.bt@intoday.com

Raking It In

Annual compensation for R&D jobs in some sectors

Pharma

Entry-level – ₹4 to ₹7 lakh
Mid-level – ₹30 to ₹70 lakh
Senior-level – ₹70 lakh to ₹1 cr

IT

Entry-level – ₹6 to ₹8 lakh
Mid-level – ₹15 to ₹50 lakh
Senior-level – ₹70 lakh to ₹1 cr

E-commerce

Entry-level – ₹6 to ₹8 lakh
Mid-level – ₹20 to ₹50 lakh
Senior-level – ₹70 lakh to ₹1 cr

FMCG

Entry-level – ₹4 to ₹8 lakh
Mid-level – ₹18 to ₹22 lakh
Senior-level – ₹70 lakh to ₹1 cr

Auto

Entry-level – ₹4 to ₹6 lakh
Mid-level – ₹30 to ₹50 lakh
Senior-level – ₹70 lakh to ₹1 cr

Source: Industry Estimates

Senior Management Jobs brought to you by monster.com

Larsen & Toubro Limited
Technical Innovation Lead - Material Science(PhD. Holders only)
Location: Chennai/Bangalore
Job ID: 13561989
Description: The role requires to develop, technical solution, proof concept, build new technology platform, new eco friendly product, for auto, TNOH, industrial etc.

Carpel Technologies
Principal / Head Teacher / Vice Princi
Location: Chennai, Mysore
Job ID: 13398299
Decription: Min 10 yrs experien teaching & Administration.

Akshay Software Technologies
Project Manager
Location: Mumbai
Job ID: 13592777
Description: Should be a team player and be able to lead a team of implementation consultants across multiple projects.

CareerNet Technologies Private Lin
Competency Lead_SAP Oil & Gas
Location: Gurgaon
Job ID: 13404160
Description: Responsible for Oil & skill building and workforce pla around upstream processes technologies – Production and Re Accounting (PRA), Joint Ve Accounting (JVA) and TSW.

Teradata
PreSales Lead
Location: Mumbai
Job ID: 13066862
Description: This role is responsible for the effective management of the presales environment for Teradata for Solution (HW, SW) and Professional Services (PS) sales throughout India.

Altisource Business Solutions P Limited
Assistant Manager Recruitment
Location: Bangalore
Job ID: 13382267
Description: Should have good wri verbal communication skills, abil handle pressure, highly motivated result - oriented team player.

LSI India Reaserch and Development Private Limited
Eng Prog Mgmt Mgr
Location: Bangalore
Job ID: 13437608
Description: Own the entire portfolio of programs being delivered from the team and ensure timely execution and delivery of all programs.

Parexel International India Pr Limited
Senior Medical Writer
Location: Bangalore
Job ID: 13561983
Description: The Senior Medical researches, creates, and edits all docu associated with clinical research.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" b

LIST OF PARTICIPATING EMPLOYERS
amadeus FIS Bharti Airtel Limited Infosys BIRLA SOFT TATA CONSULTANCY SERVICES Tech Mahindra UNISYS UTC Aerospace Systems UST Global WinWire Technologies

THE DAYS WHEN YOUR CAREER WILL TAKE OFF.

Presenting
Monster Virtual Career Fair
15th-19th July 2013
Visit http://vcf.monsterindia.com to register!

Better Access | Better Connections | Better Jobs | www.monste

usiness today

Jobs Today

monster®
Find Better.™

T Jobs brought to you by monster.com

Allscripts
System Analyst/ Tech Architect
Location: Baroda / Vadodara
Job ID: 13547473
Description: To develop custom reports with MS SQL Reporting Services from specifications provided from US team.

Perficient India Private Limited
Websphere Application Server Architect
Location: Chennai
Job ID: 13461341
Description: Strong Experience in architecting and building Enterprise Java Based Application.

Objectwin Technology India Private Limited
Project Leader/ Project Manager
Location: Hyderabad
Job ID: 13487929
Description: Looking for Engineering Manager with 12-15 years exp in IT industry for our MNC Client in Hyderabad.

Value Labs
Java Expertise
Location: Hyderabad
Job ID: 13463775
Description: Advanced Java Script using Object Oriented Java Script.

NVIDIA Corporation
Senior System Software Engineer
Location: Bangalore
Job ID: 13354740
Description: Looking for an outstanding senior graphics software engineer with expert C programming skills to help develop software delivering high-quality 2D and 3D graphics solutions for embedded systems.

Nec India Private Limited
Project Manager/Associate Project Manager
Location: Chennai
Job ID: 13331243
Description: Should have managed a technical team of size 10 to 15 consisting of Project Leader(s), Lead Engineer(s), Senior Engineer(s) and Engineer(s).

IMSI India Private Limited
Application Developer / Linux
Location: Bangalore
Job ID: 13492777
Description: Special Skill Requirements Languages.C, C++, PHP, Perl.

Fiserv
Sr. Developer
Location: Bangalore
Job ID: 13415606
Description: This position is that of a fully functional developer with hands-on development responsibilities for Fiserv projects at Digital Channels.

apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Available on the App Store

Better Access
Monster on mobile helps you find candidates anytime, anywhere

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster
Find Better.™

Sales and Marketing Jobs brought to you by monster.com

Roland and Associates
Business Development Manager
Location: Mumbai
Job ID: 13598981
Description: Experience in building trust and maintaining long-term relationships.

Shriram Fortune Solutions Limited
State Head - Sales
Location: Pune
Job ID: 13274159
Description: Responsibility is to en business through efficient handling o team of the region/state at diff locations in terms of Operations, Sa HR.

CRY-Child Rights and You
Direct Sales Person
Location: Delhi, Gurgaon
Job ID: 13322028
Description: You should be a graduate/ undergraduate with minimum 0-2 years of experience in field setup.

ONI ENTERPRISES
Sales Manager
Location: Kolkata
Job ID: 13252854
Description: You would be a Sales M for Sale of Industrial Compresso ELGI, ATLAS COPKO) through Corporate Sales and through D Development(Network Marketing).

Juniper Networks Inc.
Marketing Manager
Location: Bangalore, Delhi
Job ID: 13521821
Description: Own the country assigned pipeline target for Enterprise and SP sectors.

Manokam
Sales & Marketing Manager
Location: Ahmedabad
Job ID: 13166859
Description: Looking for a professional having minimum 10 ye exposure in compounding, plastic ind

ABC Consultants Private Limited
Sales manager
Location: Pune
Job ID: 13582120
Description: Aspirants should have 4-9 years of experience in cold calling, lead generation, Pre-sales support to onsite business teams for UK.

Fareportal
Travel Sales Consultant
Location: Gurgaon
Job ID: 13412403
Description: Selling Flights, Hotel, Travel Insurance, Vacation Packag Vacation Rentals.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" bu

BeKnown On Facebook
Better Connections
Connects people to Brands on the Most Active Social Network.
Http://apps.facebook.com/beknown
Better Ac
Better Connec
Better Candi
Get Lucky. Get Active with Monster.
monst Find Be

usiness today

Jobs Today

monster® Find Better.™

Finance Jobs brought to you by monster.com

Capgemini
Assitant Manager_ Accounts Payable
Location: Bangalore
Job ID: 12813301
Description: Looking out for Assistant manager-Accounts Payable.

Hector & Streak Consulting Private Limited
Commercial Executive/Manager
Location: Mumbai
Job ID: 13605248
Decription: Looking for a Qualified Chartered Accountant with 03 to 05 years of experience of handling entire Commercial related functions.

Deloitte Touche Tohmatsu India Pvt Ltd
Professionals for Corporate Finance
Location: Delhi
Job ID: 13560384
Description: Having relevant experience of working in similar organisations.

Futures Ahead
Taxation Manager
Location: Mumbai
Job ID: 13136620
Description: Responsible for preparing income tax computations for India companies.

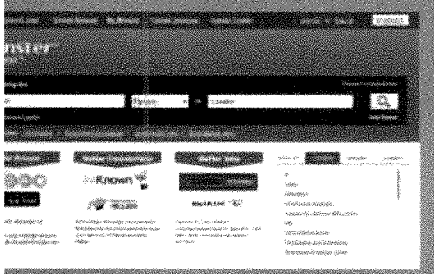
WNS Global Services Pvt. Ltd
Finance and Accounts Executive
Location: Pune
Job ID: 13562070
Description: Should have atleast 1 year experience in finance and accounts.

TIBCO Software India Private Limited
General Ledger Accountant
Location: Pune
Job ID: 11900965
Description: Cash reconciliation for multiple bank accounts, for India and other countries, as assigned.

2COMS Consulting Private Limited
Team Leader/Assistant Manager-General Ledger
Location: Kolkata
Job ID: 13587309
Description: Looking for the position of Team Leader/Assistant Manager-General Ledger in kolkata location.

UnitedHealth Group
Manager - US Taxation
Location: Noida
Job ID: 13489948
Description: The Candidate should have good knowledge / prior experience on US Corporate Federal Income Tax return preparation, State Tax Filing (understand different schedules of State Tax Returns.

apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.



Better Candidates
With Monster's extensive database and advanced technology, finding the right candidate is easy

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster Find Better.

Romancing the Indian

MANISH SINGH came to India in 2008 from the UK as Country Head of the publishing house Harlequin, which produces the iconic romantic fiction series, *Mills & Boon*. He is the man behind *Mills & Boon* romances being published in four regional Indian languages, and has plans for another seven to eight regional editions too. Some of these are being written by Indian authors, with Indian characters set in Indian locales. "There is also a model hunt, starting in August, where we will select Indian models for the cover of the novels," says Singh. "These will be completely Indianised *Mills & Boon* stories." On the personal front too, he says, he has had a breakthrough – he learnt how to overcome fear, thanks to reading Michael Fischman's award-winning memoir *Stumbling Into Infinity*.

SUNNY SEN

Manish Singh
Country Manager,
Harlequin India

ADITYA KAPOOR/www.indiatodayimages.com

This Time for Africa

Visiting bankers tend to wax eloquent about India's economic prospects, while Indians themselves are far more sceptical. Dubai-based **V. SHANKAR** Group Executive Director, Standard Chartered Bank, who visited recently, however, preferred to talk about Africa which visibly enthuses him. The Chennai-raised former tennis player brought with him non-executive directors of the bank in over a dozen African countries to give them a first-hand feel of the country. "More than half of Africa's population is under the age of 20. By 2035 it will have more people of working age than either India or China," says Shankar. Standard Chartered is, perhaps, the only global bank with a strong ground presence in both Africa and India. "Seven of the 10 fastest-growing countries in the world are in Africa," adds Shankar, who is now well placed to act as a bridge between the two fast-growing regions.

SANJIV SHANKARAN

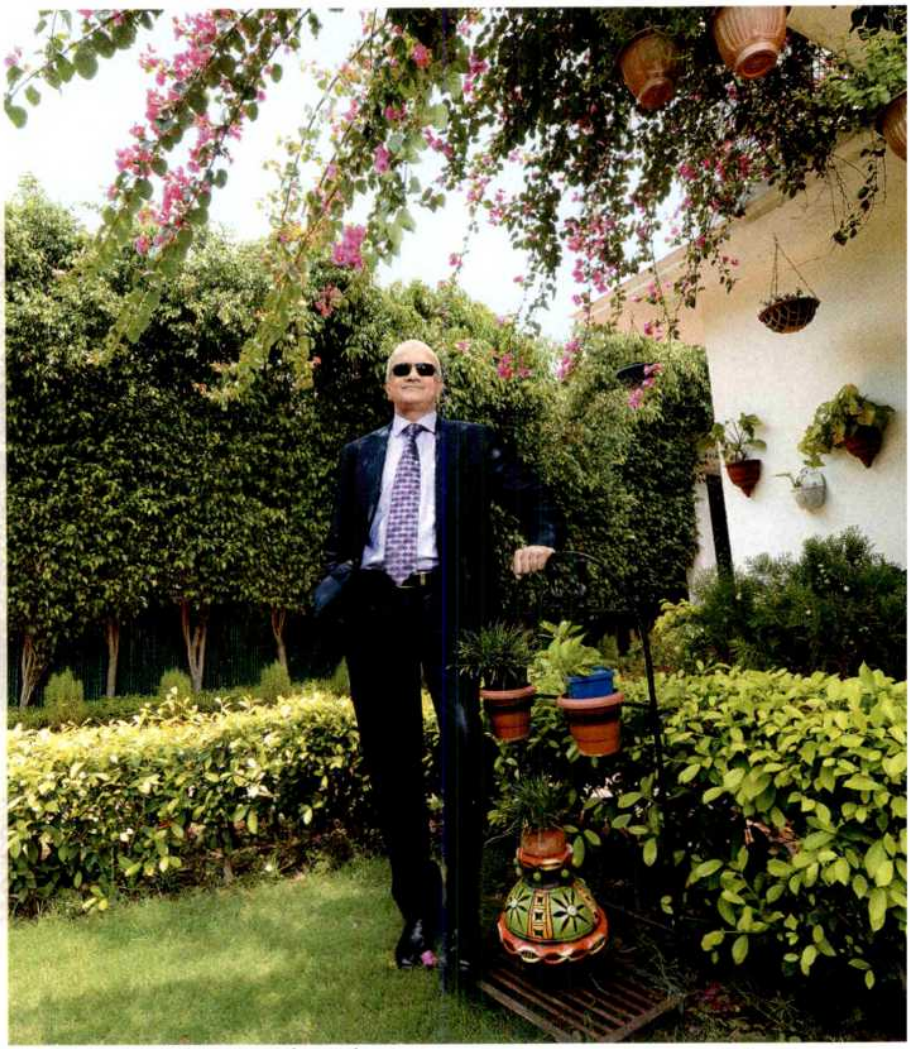
SHEKHAR GHOSH/www.indiatodayimages.com

V. Shankar
Group Executive Director,
Standard Chartered Bank

At IT Again

The National Technical Research Organisation's loss has been the IT industry's gain. **R. CHANDRASEKHAR**, 60, former secretary at the Department of Telecommunications (DoT), was recently asked to head India's premier technical intelligence agency, which he declined. But he has now taken up the challenging role of President of the IT industry lobby NASSCOM. He will take over from Som Mittal in January 2014, when the latter's term expires. Chandrasekhar's knowledge of policymaking and his government connections will come in handy as Indian IT readies itself for the next phase of growth – one that will be led more by products and intellectual property, rather than people. "Different segments of the industry need nurturing," says Chandrasekhar. "One of them is start-ups and companies into innovation."

GOUTAM DAS



SHEKHAR GHOSH/www.indiatodayimages.com

Mahesh Samat
MD, Epic Television

Epic Endeavour

Epics have always fascinated **MAHESH SAMAT**, Managing Director, Epic Television. The former Walt Disney India head honcho has even written an epic-based comic book, *Spirits of Ixora*, himself, published by The Walt Disney Company. "I wrote it for my son because I wanted to tell him about Indian history in a contemporary way and I couldn't find a book which did so," he says. As he gets ready to launch his new channel, which also focuses on epics and history, later this year, Samat says he will air content set in contemporary times, but with a historical or mythological connect. Talking about the high-profile investors in his channel, including Anand Mahindra and Mukesh Ambani, Samat says: "I never gave them any magic pill. They saw growth opportunities in this genre."

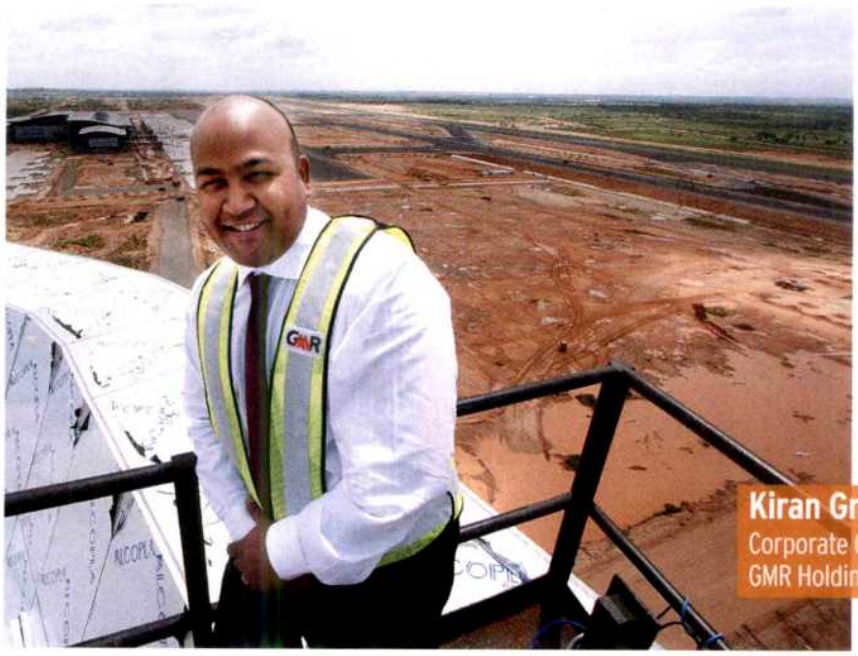
AJITA SHAHSHIDHAR

Fund of Experience

Leo Puri
New MD, UTI MF

It was in February 2011 that U.K. Sinha left UTI Mutual Fund to take over the top job at Securities and Exchange Board of India. More than two years later, during which the post of Chairman and Managing Director lay vacant, **LEO PURI** takes over as MD. UTI Mutual Fund is India's fifth-largest asset management company with assets under management of over ₹74,700 crore. This is the first time a non-government official is taking over as MD at the MF, which will also, for the first time, see a separate Chairman and MD. Puri, 52, has over two decades of experience in financial services. With Masters degrees in Politics and Law from Oxford and Cambridge Universities respectively, Puri earlier served as Director and Senior Advisor with McKinsey & Co. He was also MD at private equity firm Warburg Pincus in India.

MAHESH NAYAK



A. PRABHAKAR RAO

Kiran Grandhi,
Corporate Chairman,
GMR Holding Board

Son Rise

KIRAN KUMAR GRANDHI, the youngest son of G.M. Rao, Chairman of the infrastructure giant GMR Group, has taken over as Corporate Chairman in the GMR Holding Board, the apex decision making body for the group. Grandhi, who had headed Urban Infra and Highways business earlier, will now look after Group Finance, Corporate Strategy and GMR Sports. He had played a key role in bagging two overseas airport contracts for GMR – the ones in Istanbul, Turkey, and Male, the Maldives. The latter contract, however, is no longer with GMR. The GMR Group has a practice of shuffling the heads of its business segments that include airports and energy once in four years. The last reshuffle was in 2011. Grandhi's appointment has raised eyebrows as the group has not explained why it made this mid-term change.

K.R. BALASUBRAMANYAM

RAKESH MALHOTRA

Founder & Chairman, Luminous Power Technologies

My first role model
My father M.L. Malhotra, an IAS officer, who taught me patience and hard work

My first job
With Mitsui Seiki, a Japanese company that manufactures precision CNC machines

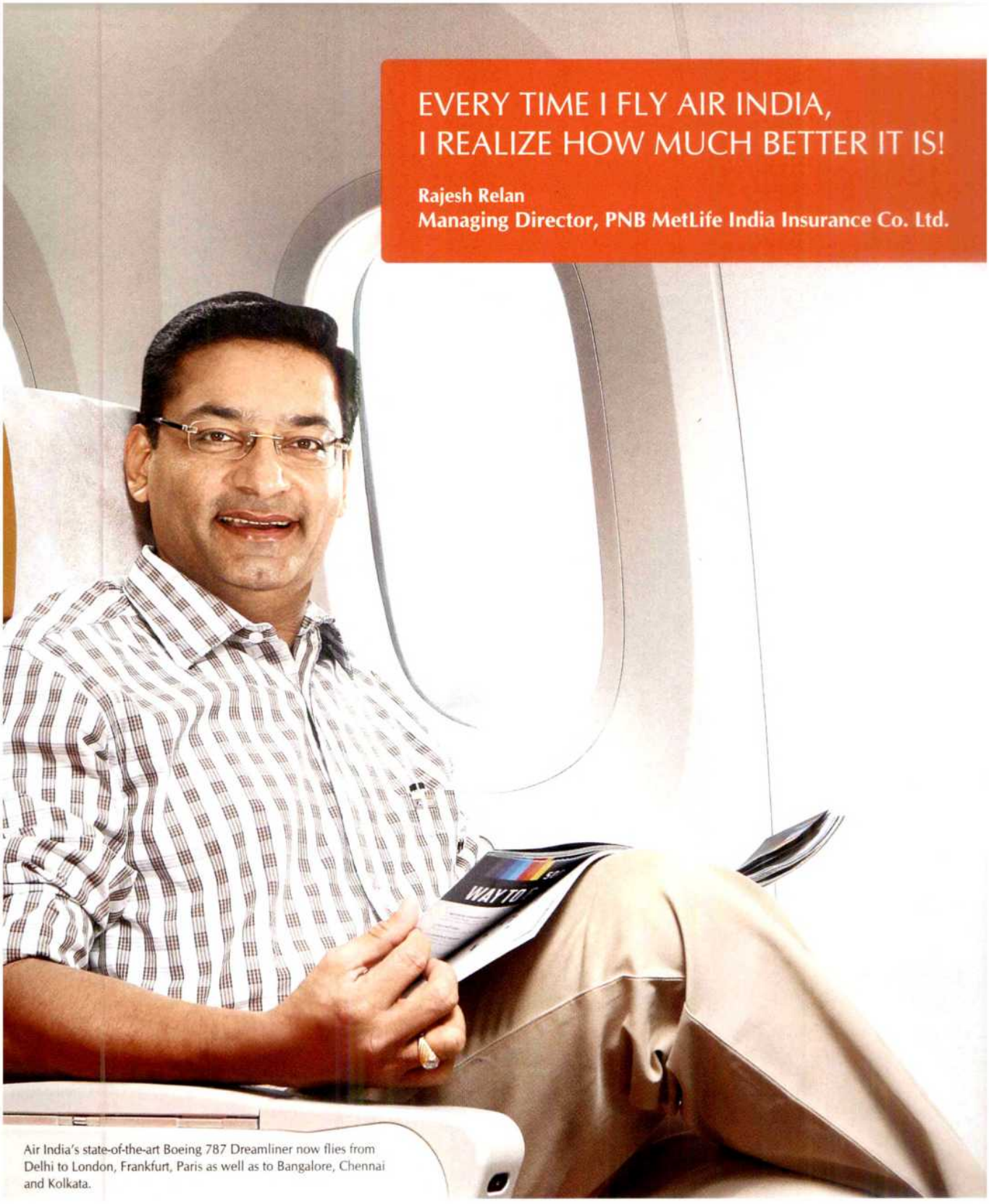
My first boss
Hiroyuki Mino. He taught me the Japanese work ethic. Being an Indian it was hard to adjust to the Japanese culture of being punctual and meticulous in planning and execution

My first promotion
Senior Project Engineer at Siemens. I worked very hard for my promotion. I believe that success doesn't happen by chance. You set your goals and work for them

My first disappointment
In 1991 I placed products of Luminous Power Technologies in the market without conducting proper research, which led to complaints from clients all over

As told to Vivan Mehra

VIVAN MEHRA/WWW.INDIATODAYIMAGES.COM



Widest Choice of Flights | 81 Destinations

Nonstops to New York & Chicago | Multiple Flights to Metros

Delicious Full Course Meals | Great In-flight Entertainment

More Leg Room | On Time Performance

Most Rewarding Frequent Flyer Programme

Air India gives you more than any other airline!

एअर इंडिया
AIR INDIA

www.airindia.in | 1800 180 1407

Follow us on

IT'S RARE TO FIND AN INVESTMENT YOU CAN WEAR.

A ROLEX WATCH IS MORE THAN JUST A WATCH. IT'S AN INVESTMENT, UNITING A PASSION FOR PERFECTION, METICULOUS CRAFTSMANSHIP AND TIMELESS ELEGANCE BORN FROM THE HIGHEST QUALITY OF MATERIALS, THE VALUE OF A ROLEX WATCH IS AS LONG-LASTING AS THE TIMEPIECE ITSELF. A MASTERPIECE BUILT TO ENDURE.

OYSTER PERPETUAL GMT-MASTER II

ROLEX

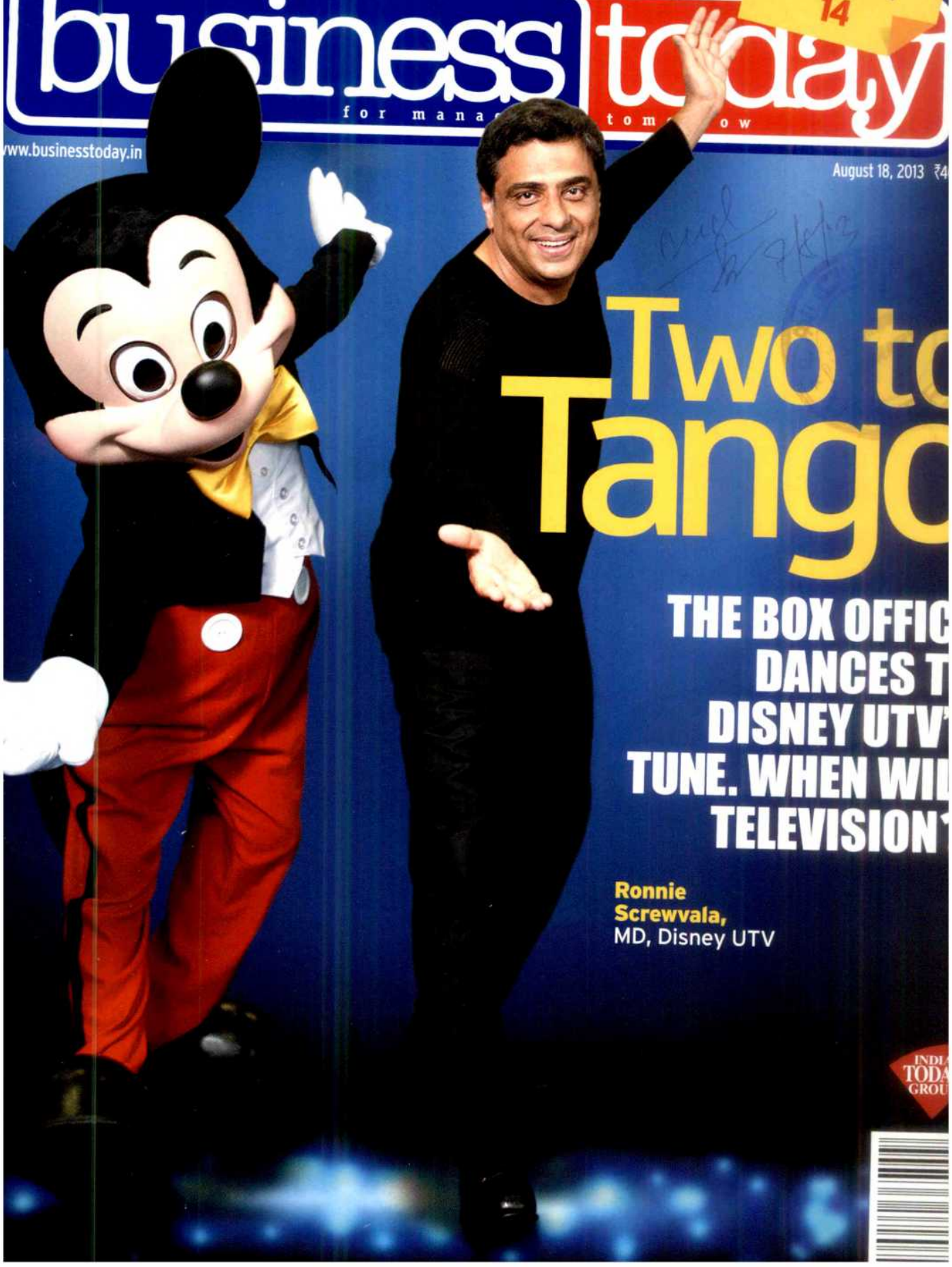
BENGALURU, ETHOS SUMMIT ROLEX BOUTIQUE - 080 2211 3976 • CHENNAI, THE HELVETICA ROLEX BOUTIQUE - 072 9991 115
KOLKATA, EXCLUSIVE LINES ROLEX BOUTIQUE - 033 2282 5245 • MUMBAI, MARCKS & CO. ROLEX BOUTIQUE - 022 2267 641
MUMBAI, SWISS PARADISE ROLEX BOUTIQUE - 022 2833 9991 • MUMBAI, TIME WATCH MAKERS ROLEX BOUTIQUE - 022 2412 141
MUMBAI, TIME AVENUE ROLEX BOUTIQUE - 022 2651 5757 • NEW DELHI, KAPOOR WATCH CO. ROLEX BOUTIQUE - 011 4676 777
NEW DELHI, KAPOOR N CO. ROLEX BOUTIQUE - 011 4699 0000 • ROLEX WATCH CO.PVT LTD MUMBAI - 022 6625 36
(WITH AUTHORIZED AFTER SALES SERVICE) • WWW.ROLEX.COM

MONETARY POLICY U-TURN 34

CASE STUDY: HOW HAVELLS BEAT ITS SYLVANIA CRISIS 84

MID DAY MEAL SCHEME ALL IS NOT LOST 14

business today
for manag... tom...ow
www.businesstoday.in
August 18, 2013 ₹4



Two to Tango

THE BOX OFFIC... DANCES T... DISNEY UTV'... TUNE. WHEN WI... TELEVISION'...

Ronnie Screwvala, MD, Disney UTV

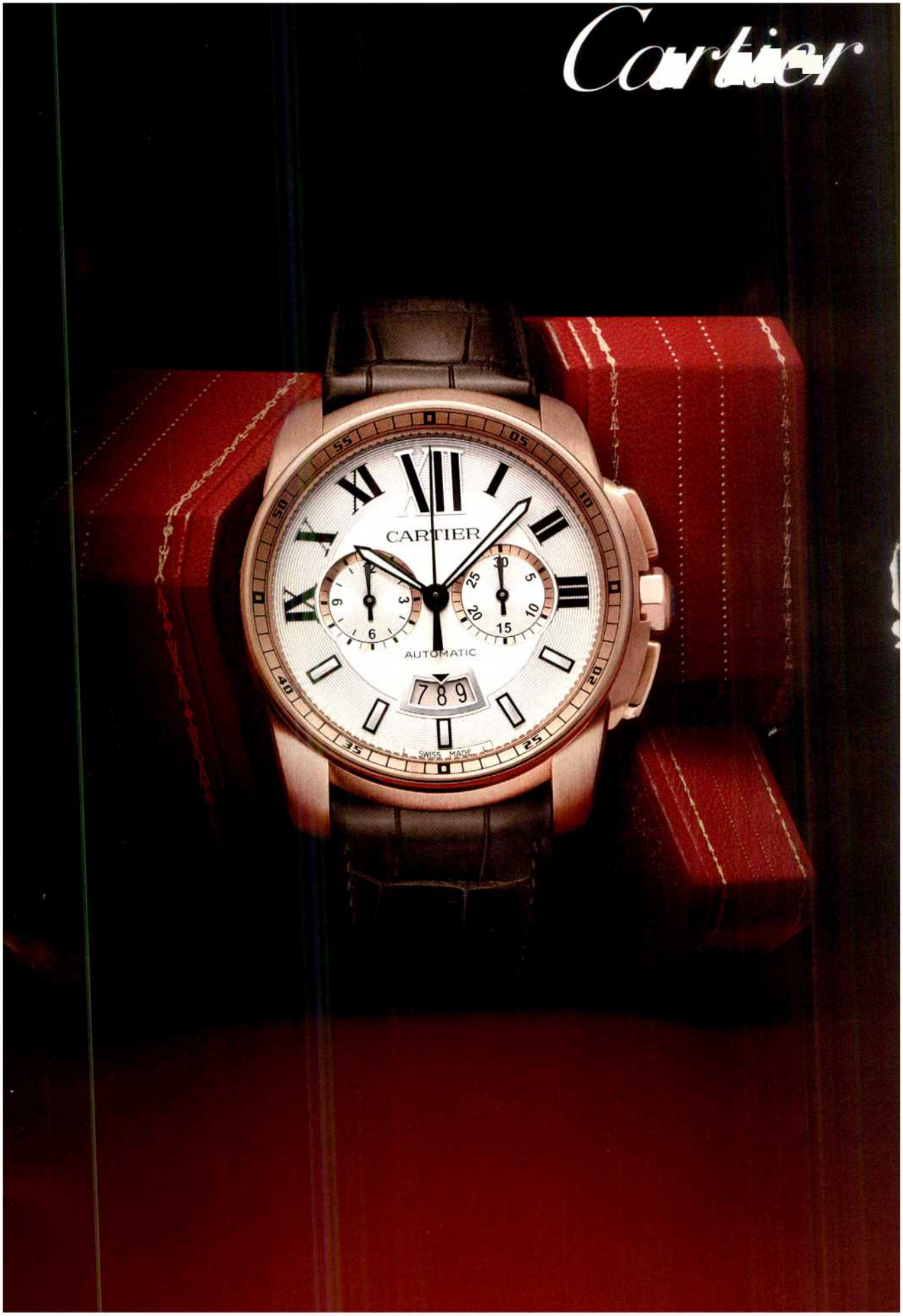
INDIA TODA... GROU...

CALIBRE DE CARTIER

CHRONOGRAPH 1904-CH MC

THE 1904-CH MC, THE NEW AUTOMATIC WINDING CHRONOGRAPH MOVEMENT, WAS CONCEIVED, DEVELOPED AND ASSEMBLED BY THE CARTIER MANUFACTURE IN THE GREATEST WATCHMAKING TRADITION. THIS MOVEMENT IS EQUIPPED WITH INGENIOUS SYSTEMS FOR UTMOST PRECISION: A COLUMN WHEEL TO COORDINATE ALL THE CHRONOGRAPH FUNCTIONS, A VERTICAL CLUTCH DESIGNED TO IMPROVE THE ACCURACY OF STARTING AND STOPPING THE TIMING FUNCTION, A LINEAR RESET FUNCTION, AND A DOUBLE BARREL TO ENSURE UNRIVALLED TIMEKEEPING.

18K PINK GOLD 43 MM CASE, MECHANICAL MANUFACTURE CHRONOGRAPH MOVEMENT, SELF-WINDING, CALIBRE 1904-CH MC, 35 JEWELS, 28,800 VIBRATIONS PER HOUR, APPROXIMATELY 48 HOUR POWER RESERVE, CALENDAR APERTURE AT 6 O'CLOCK, 18K PINK GOLD OCTAGONAL CROWN, SILVER CHALINE SNAILED DIAL, GOLD FINISHED CHAMFERS, ALLIGATOR STRAP.


Cartier
CARTIER
AUTOMATIC
SWISS MADE

SONY

make.believe

Experienc

55X9004 / 65X9004

4K Ultra HD - Four times more detail than Full HD

Feel the Beauty **BE MOVED**

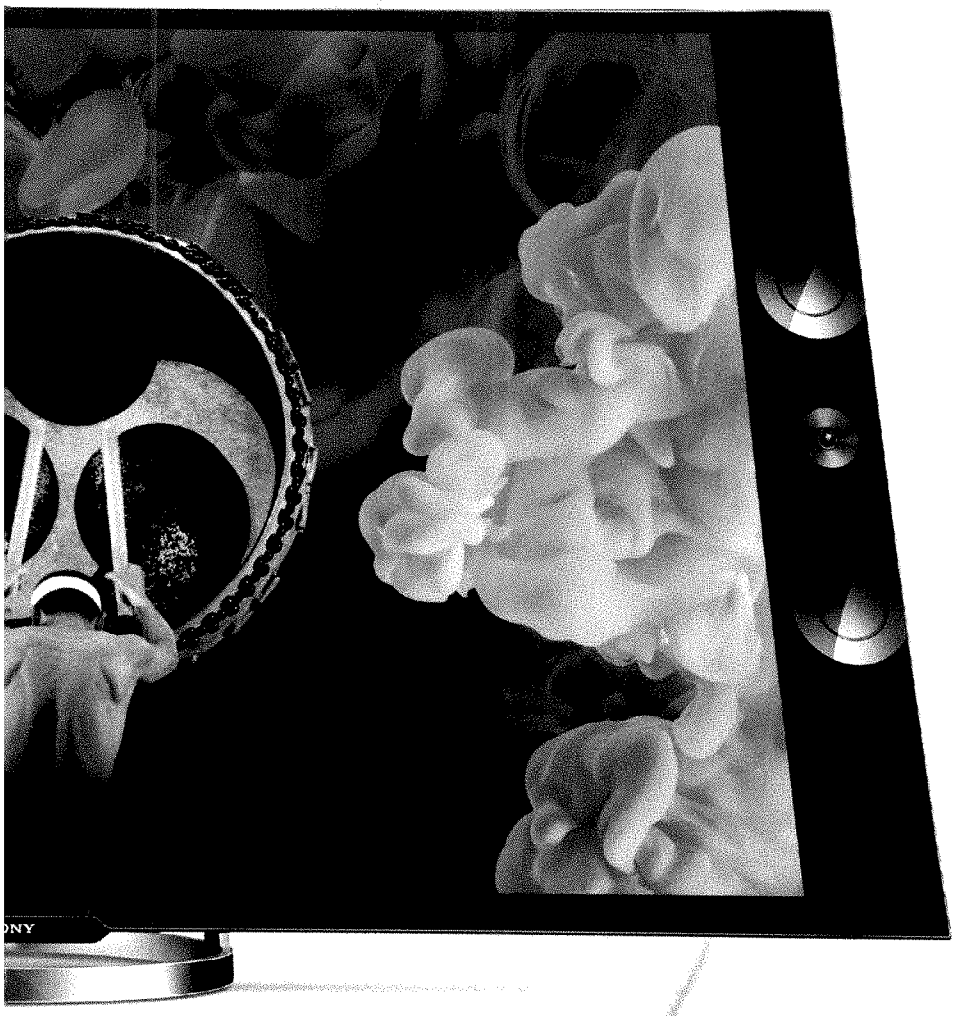
1 YEAR WARRANTY

Make sure it's a Sony.
Insist on your Sony India Warranty Card.

Regd. Office

Sony India Pvt. Ltd., A-31, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-44

Perfection.



Magnetic Fluid Speaker - Experience remarkably clear, powerful audio.

4K* BRAVIA

*4K - 3840 x 2160 pixels

Sales & Service

1800-103-7799 (Toll Free from all landline & mobile phones)
E-mail: sonyindia.care@ap.sony.com
• **Corporate Enquiries:** b2bindia@ap.sony.com

Scan the QR code & experience the new BRAVIA 4K TV

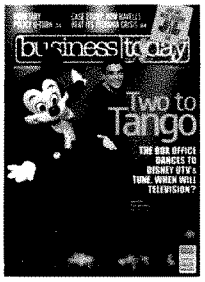
Website

www.sony.co.in/4ktv

From the Managing Editor

An early breakfast is something that most journalists don't care for. Most of my tribe skip it and among those who don't, very few sip their coffee before 10 am. Like Sir Winston Leonard Spencer-Churchill, we finish our days late and start them late, you see. It was, therefore, unusual for four *Business Today* scribes to meet at 7.30 am on a recent Tuesday. We were in Hyderabad hosting the second in a nationwide series of breakfast sit-downs with CEOs. The topic that morning was innovation and each of our guests had their thoughts: the cause-effect relationship between leadership and innovation, the importance of putting in a process to support innovation, and the do-or-die necessity in innovation... But, one view stood out in the room of über achievers: the importance of failing. Unless people at the workplace take risks in value-creation, which often end belly up, there will be little traction in innovation was the central message at the meeting.

There are few entrepreneurs who epitomise the power of learning from a failure as much as Walt Elias Disney. When he arrived in California, barely 22, he had already run aground at least three or four business ventures. In the 43 years that followed, he gave shape to a movie and theme park empire that continues to entertain millions nearly five decades after his death. See *http://bit.ly/waltbizplan* for an insight into how the man thought, *circa* 1957. Rohinton Soli Screwvala grew up in Mumbai, halfway across the world from Burbank in California, from where Disney ran his business, and a generation removed. But the similarities in their life journeys are uncanny: Ronnie, as Screwvala is better known, is seen as an enigma in the Indian media and entertainment business, like Disney was when he was shaping the future of Hollywood. Like Disney in his school days, a young Ronnie showed early creative talent and cut his teeth in Bombay's theatre fraternity. Like Disney, Ronnie believes what grabs him (and a few around him) will knock the socks off audiences... For sure, it was a dovetail fit of business goals and a lot more but such a set of matching DNAs has made Ronnie Walt Disney & Co.'s face in India. In her narrative starting on page 44, Associate Editor Ajita Shashidhar tells you about the driven Parsi's amazing success with movies – five of the 10 top grossers so far in 2013 were cooked up in the Disney UTV kitchen – and his troubled run with broadcast television. Plus, his big plan to bootstrap Disney UTV with season-based programming, and by extending the Disney franchise, to build scale (something that will take him closer to a Walt Disney clone).



The question often asked in entrepreneurship circles is when India will produce a Google or Viagra. We are still far from that ambition but on page 80, look up the story of a Bangalore start-up with gumption. Lukup Media, among the few product start-ups in India, has developed a box that plays on different screens different types of content sourced from different devices. Perfect for a multi-screen (TVs, computers, tablets, phones) household. The product has powerful global appeal but the big question is whether the Borah-Mutt founder team can get it to market. Other interesting stories this issue that I'd point you to are: the monetary policy volte face (page 34), a new business model in Islamic financing in India (page 72), and a deep dive case study on how Havells digested an acquisition three times its size (page 84).

"There can be no keener revelation of a society's soul than the way in which it treats its children," Nelson Mandela said years ago. Nothing reveals our soul this fortnight as much as what happened at Dharmasati Gandaman Primary School in Chhapra in Bihar on July 16, the day I had breakfast with the Hyderabad CEOs. Twenty-three children, between six and 12, died of poisoning after having school-cooked lunch that afternoon. In a world driven by fast-paced stories on news television, it is important not to forget. As an Indian and a father to two primary school-going children, my head hangs in shame.

Josey Puliyenthuruthel

josey.john@intoday.com

business today

http://www.businesstoday.in

Editor-in-Chief: Aroon Purie

Group Chief Executive Officer: Ashish Bagga

Group Synergy and Creative Officer: Kalli Purie

Editor: Chaitanya Kalbag

Managing Editor: Josey Puliyenthuruthel

Executive Editor: Suveen K. Sinha

Deputy Editors: Debashish Mukerji, K. Sai Srinivas, Alokesh Bhattacharyya

CORRESPONDENTS
Senior Editors: Anand Adhikari, N. Madhavan, Shamni Pande, Sanjiv Shankaran
Senior Associate Editors: Sebastian PT, Mahesh Nayak
Associate Editors: K.R. Balasubramanyam, Shweta Punj, E. Kumar Sharma, Goutam Das, Ajita Shashidhar, Suprotip Ghosh, Nandagopal Rajan, Manisha Singhal
Assistant Editors: Manu Kaushik, Sunny Sen, Nidhi Singal
Special Correspondents: Taslima Khan, Anilesh Mahajan, Sarika Malhotra, Ajay Modi
Principal Correspondent: Arunima Mishra
Correspondent: Dearton Thomas Hector

COPY DESK
Senior Editors: Uma Asher, Rishi Joshi
Senior Associate Editor: Sugita Katyal
Associate Editor: Sumit Upadhyaya
Chief Copy Editors: Gadadhar Padhy, Roopali Joshi
Copy Editor: Basudha Das

PHOTO DEPARTMENT
Photo Editor: Vivan Mehra
Deputy Chief Photographer: Shekhar Ghosh
Principal Photographer: Rachit Goswami
Senior Photographers: Aditya Kapoor, Nilotpal Baruah
Photographer: Nishikant Gamre
Photo Researcher: Palak Neb

ART DEPARTMENT
Deputy Art Director: Anand Sinha
Assistant Art Director: Anita Jaisinghani
Chief Visualiser: Santosh Kushwaha
Senior Visualisers: Vikas Gupta, N. Ravishankar Reddy
Visualiser: Sristi Bhatt

PRODUCTION DEPARTMENT
Chief of Production: Dinesh Sachdeva
Production Coordinators: Narendra Singh, Rajesh Verma
Senior Supervisor: Rajkumar Wahi
Senior DTP Designer: Mohammed Shahid

RESEARCH DEPARTMENT
Librarian: Vijaylakshmi Vardan
Assistant Librarian: Satbir Singh
Senior Research Associates: Jyotindra Dubey, Niti Kiran

Group Business Head: Manoj Sharma
Associate Publisher (Impact): Anil Fernandes

IMPACT TEAM
Senior General Managers: Kaustav Chatterjee (East), Jitendra Lad (West), Head (North): Subhashis Roy
General Manager: Shailender Nehru (Bangalore)
Deputy General Manager: Velu Balasubramaniam (Chennai)

Marketing: Vipul Hoon, General Manager; Intekhab Aslam, Brand Manager

Head-Consumer Services: Poonam Sangha, Senior General Manager

Newsstand Sales: D.V.S. Rama Rao, Chief General Manager; Vinod Das, Senior General Manager (National); Manish Shrivastava, Senior Manager (North); Joydeep Roy, Senior Manager (East); Rajesh Menon, General Manager (West); Deepak Bhatt, General Manager (South); Rakesh Sharma, General Manager (Operations)

Vol. 22, No. 17, for the fortnight August 5-18, 2013. Released on August 5, 2013.

● Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301, Tel.: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001, Tel.: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013, Tel.: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018, Tel.: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025, Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071, Tel.: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/B, Raj Bhawan Road, Somajiguda, Hyderabad-500082, Tel.: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off. C.G. Road, Ahmedabad-380006, Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016, Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301, Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no.1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecare@intoday.com

● Sales: General Manager Sales, Living Media India Ltd, B-45, 3rd Floor, Sector-57, Noida (U.P.) - 201301, Tel.: 0120-4019500, Fax: 0120-4019664 © 1998 Living Media India Ltd. All rights reserved throughout the world. Reproduction in any manner is prohibited. Published & Printed by Ashish Bagga on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35, Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at K-9, Connaught Circus, New Delhi-110 001.

● *Business Today* does not take responsibility for returning unsolicited publication material.

All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only

SYNDICATIONS TODAY

For reprint rights and syndication enquiries, contact syndications@intoday.com or call +91-120-4078000

www.syndicationstoday.in

YOUR HOME, JUST THE WAY YOU IMAGINED.

In the clouds. Overlooking the sea. In the heart of the city. At the edge of a park. You tell us where you want your dream home to be. Today, we're creating landmarks in 12 cities, developing over 83 million square feet of real estate across India. It is our belief that your home or office should have an excellent design, superior construction, great amenities and large open spaces. Most importantly, it should be wherever you want to be.

Godrej Properties won the 'Popular Choice-Developer of the year' Award by ET NOW in 2013

Call: 1-800-258-2588

www.godrejproperties.com

imagine

Godrej | PROPERTIES

SUSTAINABLE DEVELOPMENTS | PAN INDIA PRESENCE | RESIDENTIAL, COMMERCIAL AND TOWNSHIP PROJECTS

Godrej Properties Limited (the "Company") is proposing, subject to market conditions, requisite approvals and other considerations, a rights issue of its equity shares and has filed a Draft Letter of Offer with SEBI. The Draft Letter of Offer is available on the website of SEBI at www.sebi.gov.in and the website of the Lead Manager at www.investmentbank.kotak.com. Investors should note that investment in equity shares involves a high degree of risk, and are requested to refer to the Draft Letter of Offer, including the section titled "Risk Factors" of the aforementioned offer document, for further details. This is not an offer or an invitation to offer for sale of apartments in this project. Designs, costs, facilities, plans and specifications in static and/or interactive publicity material depict anticipated appearance of completed development and are subject to change without notice.

Missing Out on Retail

Kudos to *Business Today* for a well researched cover story *The Best Companies to Work For* (August 4). However, it was disappointing to see that one of the most promising sectors – retail – was not covered in the sector rankings (*The Fine Print*, page 92). Retail is still ahead of other sectors like BPO, software and IT in growth and prosperity. Hope the companies headed by the Biyanis, Birlas, Ambanis and Rahejas race to the top slots in the next survey.

Shankar Sahay, *Amity University, Noida*

A New Path to Success

The feature on start-up enterprises (*Help for the Hatchlings*, August 4) was very interesting. It highlighted a new path (event sponsorship) by which "young entrepreneurs" can prosper. It also analysed well how events are designed as learning opportunities, attracting start-up entrepreneurs in their lonely journey. Such gatherings help to raise the profiles of start-ups and save them the huge expenditure they would incur if they had to pay for publicity. They are really a great help at the early stage.

Abhinav P., *New Delhi*

Shrinking ₹

The report on the rupee (*A Long Way Down*, July 21) was quite analytical. The Indian rupee is now more vulnerable than the currencies of countries such as Brazil and Russia, because of our high current account deficit. The government is not in a position to do much to arrest the rupee's fall. However, the recent reforms – FDI in retail, increase in the share of FDI in insurance, defence, and aviation sectors may be help to stabilise the rupee against the US dollar.

A. Muthusamy, *Bangalore*

IKEA Strategy

The Swedish furniture giant IKEA (*Couching Tiger Tames the Dragon*, July 21) is an ideal company to be examined as a case study. As IKEA prepares to enter India, it could definitely use its experience in China to good effect. There are bound to be some similarities in both markets, but there will be dissimilarities as well, because times have changed. IKEA entered China in 1998, so it cannot blindly follow its strategy in China while setting up operations in India.

Sabyasachi Mitra, *Kolkata*

Corrections

The graphic accompanying the report *Split Wide Open* (July 21, page 25) titled 'Who Owns How Much in YES Bank' has the figures relating to foreign investors' holding and domestic institutions holding interchanged. The correct shareholding, according to the company's annual report is as follows: foreign investors 49.54 per cent, domestic institutions 15.14 per cent, individual investors 9.60 per cent.

The report *Mother of All Joint Families* (August 4, pages 70-72) says the employee strength of Indian Railways is 14 million. It should be 1.4 million. Accordingly, the ratio of female to male employees would be 1:13.

The report *Back on the Runway* (August 4, pages 32-34) says Pawan Hans is a subsidiary of Air India. It is not. It is a public sector helicopter services company.

We regret the errors.

Send all your comments to editor.bt@intoday.com

www.facebook.com/BusinessToday

Government's food security programme may not be a remedy for malnutrition.
Government's main objective is the vote bank. We have lost our faith in all parties except the AAP. When parties are not ready to come under RTI, how can they remove corruption?
- **Dharmendra Patel**

***Bhaag Milkha Bhaag* has emerged as the third top grosser in opening weekend at the box office, earning over ₹32 crore.**
The movie gives a very good message that our success depends upon 100 per cent concentration, even if we are the best. A little distraction can hamper our success. Excellent movie... hats off to Farhan Akhtar. - **Anu Bhatia**

HOW TO CONTACT BT

WRITE TO:
The Editor, Business Today, India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301.
Email: letters.bt@intoday.com/editor.bt@intoday.com
Website: www.businesstoday.in
Unsolicited articles will not be returned or acknowledged.
Business Today reserves the right to edit letters for brevity and clarity before publication.

FOR SUBSCRIPTION ASSISTANCE WRITE TO:
Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) – 201 301
Phone: (0120) 2479900 from Delhi & Faridabad; (0120) 2479900 (Monday-Friday; 10 am-6 pm) from Rest of India; Toll free no. 1800 1800 100 (from BSNL/ MTNL lines); Fax: (0120) 4078080
E-mail: wecarebg@intoday.com

BT SCRAPBOOK
- React to articles in BT
- Suggest story ideas
- Share your experience as consumer or SME
- See what others have to say on our stories on scrapbook at www.businesstoday.in

Taru

Email

Sharad

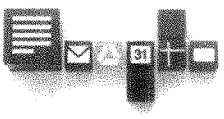
Documents

Rashi

Meetings

Work has gone Google.

"Going Google" means running your business on Google Apps, a suite of online tools including email, calendar, meetings and documents.



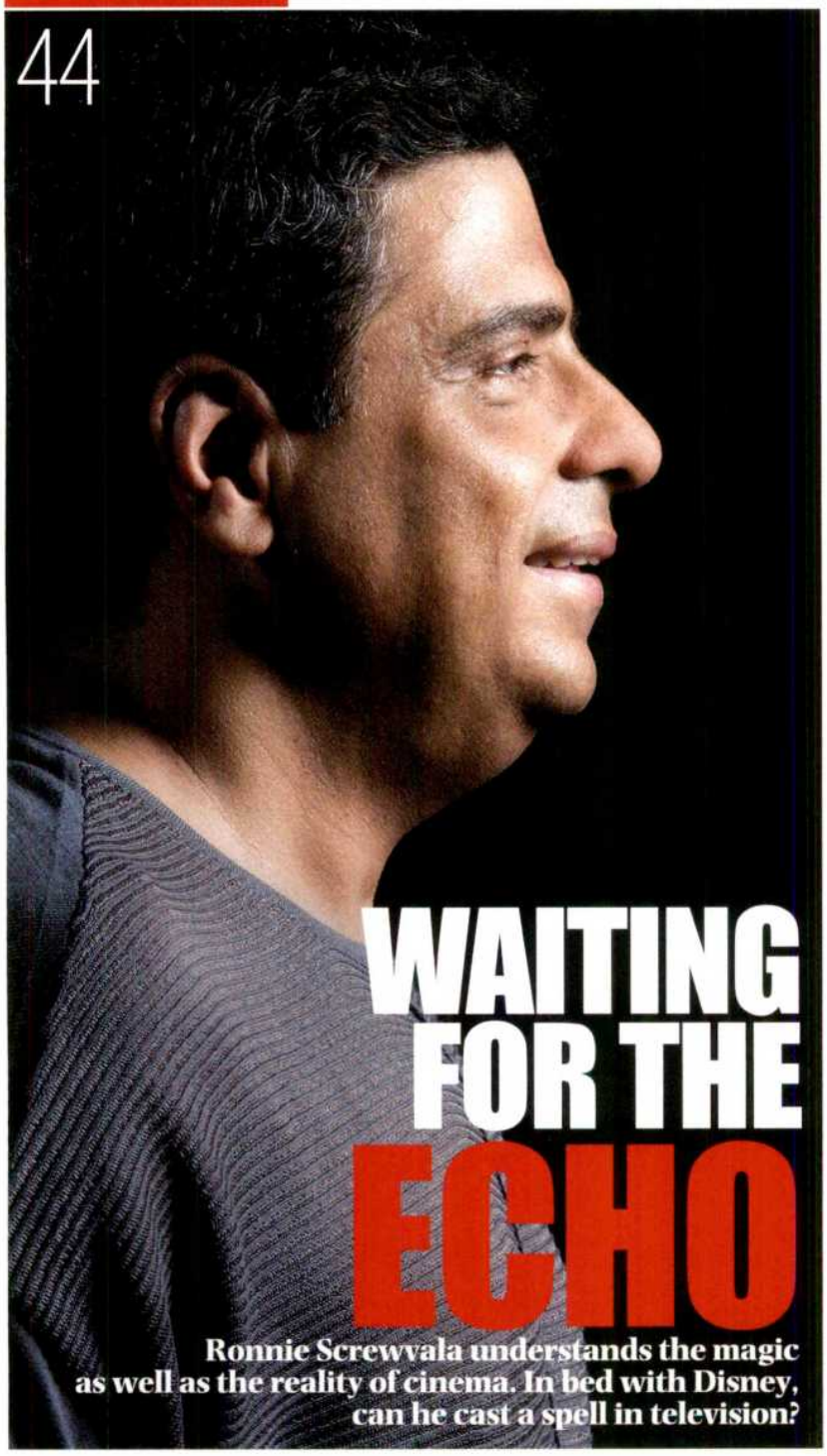
google.com/work

CONTENTS

COVER BY ANAND SINHA
PHOTOGRAPH BY NISHIKANT GAMRE

AUGUST/18/2013
VOLUME 22/NUMBER 17

COVER STORY



44

WAITING FOR THE ECHO

Ronnie Screwvala understands the magic as well as the reality of cinema. In bed with Disney, can he cast a spell in television?

UPFRONT

12 | Quick takes on major events

14

FOCUS

14 | Restoring Appetite
The mid day meal scheme is fraught with shortcomings. It can still be saved if social entrepreneurs play a bigger role in its implementation

18 | Graphiti: Leaving a Bad Taste

20 | Rust in Peace
Mega steel projects in India are in limbo due to inordinate delays in land acquisition and allocation of iron ore mines

24 | In Hot Pursuit
Saroj Poddar has ambitious plans to make his $ 3 billion Adventz Group a formidable player in fertiliser and engineering businesses

26

26 | Re-igniting an Old Flame
With plenty to gain from doing so, India makes an effort to improve relations with Iran

FEATURES

34

34 | Policy U-turn
RBI pushes up interest rates to protect the rupee but tries to sidestep the consequences, putting its reputation at stake

38 | Gone Kaput
A number of mega development concepts that were expected to change the face of the nation have either stalled or are going nowhere

62

62 | Cloudburst in the Classroom
The cloud could fill the gaps in India's education sector, but costs and last-mile connectivity are constraints – for now

66

66 | Heirs with Heart
Profiles of some of the children of industry stalwarts who have chosen to work with the underprivileged.

72

72 | Growing Interest
With Islamic banking nowhere on the horizon, the venture capital model gains traction in Shariah financing

ONLINE

Right on, Ronnie

The Walt Disney Co may have acquired UTV, but its founder Ronnie Screwvala, now Managing Director of the new entity, has lost none of his feistiness. He still has ambitious plans.
businesstoday.in/disneyutv-future

Interview with Ronnie Screwvala.
businesstoday.in/disneyutv-screwvala

Problems with Pesticides

The midday meal scheme tragedy in Bihar was caused by food being mixed with pesticide. What are the controls on pesticide sale and use, and how effective are they?
businesstoday.in/pesticide-control

PERSPECTIVE

Computer No. 1

The tablet is fast replacing desktops and laptops as the preferred device, notes **Nandagopal Rajan.**
businesstoday.in/tablets-rise

SEBI gets teeth

Mahesh Nayak discusses the implications of SEBI being given powers to arrest and attach properties of those defying its directives.
businesstoday.in/sebi-powers

No nutritional value

The food security bill will not raise nutritional levels because it focuses only on food grain, says **Soumya Gupta.**
businesstoday.in/foodbill-nutrition

BLOG

DFIs: End of the Road?

With three leading development finance institutions applying for bank licences, are DFIs headed for extinction, asks **Anand Adhikari.**
businesstoday.in/anand

CONTENTS

FEATURES

76 | **A Harvest of Ideas**
A new generation of agricultural start-ups has developed a host of tech products such as livestock disease diagnostic kits and cotton spinning machines to make farming easier, safer and more efficient

80 | Look Up in Awe
An indigenously designed device promises to make a big difference to TV viewing. But how will it fare in the market?

84 | Case Study: Havells
When Havells bought Sylvania, it was looking for growth and global presence. But it had to put together a turnaround strategy after the global financial crisis struck

MONEY
90 | Beware of the Traps
Some of the common ways in which real estate developers try to cheat property buyers

BT EVENTS
92 | Innovation Imperative
At the second Business Today breakfast meet, held in Hyderabad, CEOs brainstormed on ways to spur innovation

96 | Golfing in Paradise
Belle Mare Plage in Mauritius provided a perfect setting for the international leg of *BT* Pro-Am of Champions

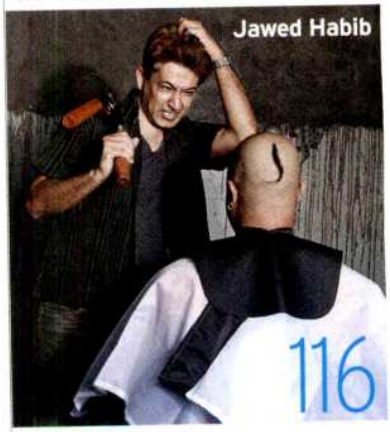
102 | Virtual Town Halls
Indian politicians of all hues are taking to new media. As the 2014 general election nears, Google+ Hangouts is proving especially popular

RIGHT CLICK
107 | Sounds of Silence
Headphones incorporating noise cancelling technology make a world of difference

BOOKEND
108 | How to Win the World
A must-read for emerging market companies which want to build global brands

CAREERS
110 | Circle of Influence
Three tips for mid- and senior-level executives looking for better jobs — network, network, network

116 | PEOPLEBUSINESS



LEADERSPEAK
120 | Abhijit Roy
MD & CEO, Berger Paints India

Find the Right Job on Page:112-115
Jobs Today
Get Lucky. Get Active on Monster.
• Better Access • Better Connections
• Better Jobs
Powered by: monster Find Better.™

An IMPACT Feature
From time to time, you will see pages titled "An Impact Feature" in *Business Today*. This is no different from an advertisement and the magazine's editorial staff is not involved in its creation in any way.

Say YES to RESPONSIBLE BANKING

Mainstreaming Corporate Social Responsibility through Community & Sustainability Initiatives

Globalsustainable financenetwork
The Karlsruhe Sustainable Finance Awards

ecognized for Outstanding Business Sustainability Achievement

Germany, 2013

CII-ITC Centre of Excellence for Sustainable Development

'Commendation Certificate' 'Significant Achievement' - 2012, 2011 & 2010

CII-ITC Sustainability Awards - Sustainability Asia Summit

FT FINANCIAL TIMES

IFC International Finance Corporation World Bank Group

Sustainable Bank of the Year - Asia/Pacific

2012, 2011 & 2008

FT / IFC Washington, London

THE GLOBAL COMPACT United Nations Global Compact

Only Indian Bank to be an active **Signatory**

Since 2009

CARBON DISCLOSURE PROJECT

First Indian Company to be a **Signatory**

Since 2007

UNEP **Finance Initiative**
Innovative financing for sustainability

First Indian Bank to be a **Signatory**

Since 2006

Addressing national developmental priorities of Economic Security, Ecological Security, Energy Security and Livelihood Security through:

Agribusiness & Rural Banking (ARB) | Inclusive & Social Banking (ISB) | Education | Health | Microfinance | Renewable Energy & Environment | Sustainable Investment Banking (SIB) | Food & Agribusiness Strategic Advisory & Research (FASAR) | Strategic Government Advisory (SGA)

YES BANK

475 Branches Pan India | 1050+ ATMs

Corporate and Registered Office: Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai

DANESH JASSAWALA

Winning Matters: Indian IT companies, some of whom have reported better-than-expected first quarter results, are foreseeing better times ahead. Tata Consultancy Services (TCS) CEO and MD N. Chandrasekaran (left) and Wipro's CEO T.K. Kurien (right) agree that the deal momentum from the United States, Europe and the United Kingdom will continue beyond the first quarter.

NILOTPAL BARUAH

Corporate

Holcim, the world's fourth-largest cement maker, has revamped its operations in India with a complex ₹14,500 crore restructuring deal, involving **Holcim India**, **Ambuja Cements** and ACC. Ambuja will acquire a 24 per cent stake in Holcim India, and a 50 per cent stake in ACC, while Holcim too will increase its stake in Ambuja from 50 to 61.39 per cent.

The Supreme Court has issued notices to two Sahara firms–**Sahara India Real Estate Corp** and **Sahara Housing Investment Corp**–for not complying with its order of refunding around ₹19,000 crore to investors. It has said that Sahara chief **Subrata Roy** will have to appear before it if its order is not complied with.

CORPORATE SCORECARD

For Quarter Ending June 2013	Net Profit(₹cr.)	YoY Increase	Total Income (₹cr.)	YoY Increase
HUL	1,019	-23%	6,809	7%
Larsen & Toubro	756	14%	12,555	5%
Hero Motocorp	548	-11%	6,159	-1%
Cairn India	3,127	-18%	4,062	-9%
YES Bank	401	38%	2,398	27%
Maruti Suzuki	632	49%	10,237	-5%
GAIL	808	-29%	12,899	16%
ITC	1,891	18%	7,339	10%

In a relief to automakers, the Central Board of Excise and Customs clarified that sedans, including the Maruti SX4, Honda Civic and Toyota Corolla Altis, will not attract excise duty at the higher rate of 30 per cent levied on SUVs. These sedans met all three criteria - engine capacity, length of the car and ground clearance - announced in the Budget, but they were not SUVs.

Reliance ADA Group chairman Anil Ambani is seeking exemption from personally appearing as a prosecution witness in the 2G spectrum allocation case. The trial court had given him a temporary reprieve. CBI has alleged **Reliance Telecom** used **Swan Telecom**, an ineligible company, as a front to get 2G licences and radio waves. The testimony of Anil and Tina Ambani may throw light on the alleged investment of over ₹990 crore by his group companies in Swan Telecom.

The legendary motor city, Detroit has filed for protection from its creditors - it owes them an estimated $18 billion dollars. It is the largest American city ever to go bankrupt.

Mark Zuckerberg's Facebook, which boasts 1.16 billion global users, posted a jump in second-quarter revenue, with mobile ad revenues making up 41 per cent of total ad revenue.

Economy

Consumer confidence in India dipped during the second quarter of this year. This puts the country in third position globally after Indonesia and the Philippines, according to the global consumer confidence index study by Nielsen. Among the main concerns in India are the devaluation of the rupee and continuing inflation for urban Indians.

Jammu & Kashmir finance minister **Abdul Rahim Rather** is the new chairman of the empowered committee of state finance ministers on GST. However, the chances of GST rolling out before the next government takes charge in 2014 are remote.

Mumbai is the most expensive city in India for expatriates. It ranks 118 among 214 cities across five continents in the Cost of Living survey by consulting firm Mercer. Luanda, Angola, holds the number one position. New York is the most expensive city in the US. The survey will help MNCs and governments determine compensation allowances for their expatriate employees.

US Vice-President **Joe Biden** highlighted concerns of American companies – local content conditions, barriers to market access and an inconsistent tax system – during his recent India visit. Biden said opening of the Indian economy could lead to a five-fold rise in trade with the US. Bilateral trade is worth $100 billion a year at present.

4.7%

Growth of indirect tax collection in the April-June quarter of the current financial year, much lower than the 19 per cent increase envisaged in the Budget for the full 2013/14 financial year. Indirect tax – excise, customs and service tax – collection in the first quarter stood at about ₹1.11 trillion, as against ₹1.05 trillion in the corresponding period a year ago.

$500 bn

Estimated annual loss to the global economy on account of cyber crime. The research, by the security firm McAfee and the Center for Strategic and International Studies, also posits a $100 billion annual loss to the US economy.

Markets

The government has upgraded the powers of **market regulator SEBI**, allowing it to pass orders such as search and seizure, attachment of property, arrest and detention of defaulters, and passing directions to recover wrongful gains. SEBI has also been given the power to crack down on illegal investment schemes floated by individuals. At present it can act only against companies. The aim is to curb Ponzi schemes.

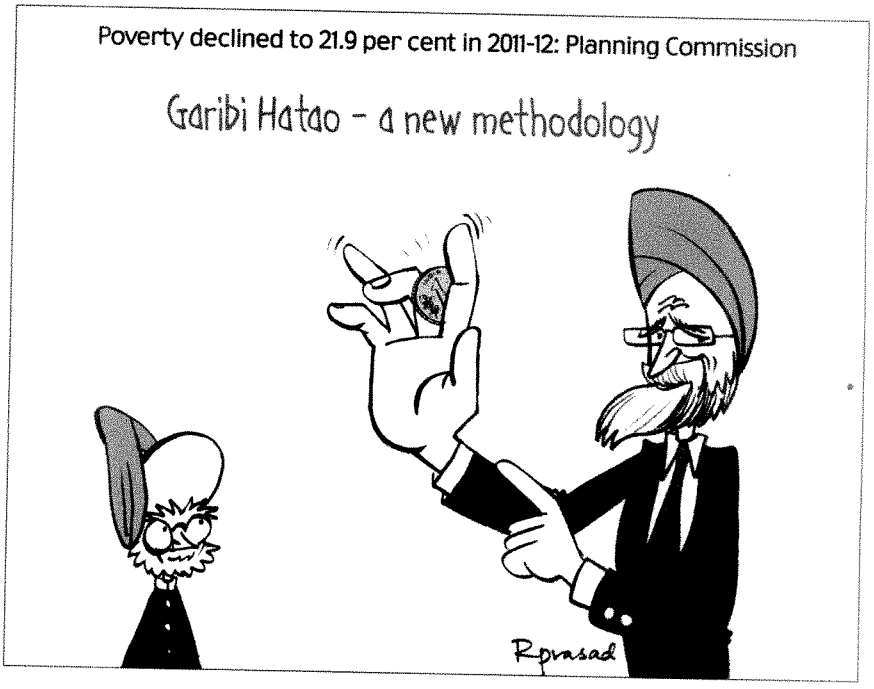
The Reserve Bank of India has tightened its **gold import policy** in a bid to ensure that at least 20 per cent of the yellow metal sourced from overseas is made available to gems and jewellery exporters.

Coming Up

- The Securities Appellate Tribunal has adjourned the hearing of Reliance Industries' appeal against the Securities and Exchange Board of India in relation to an insider trading charge. This follows a joint request for adjournment made by lawyers for both parties. The matter will be heard on August 30.

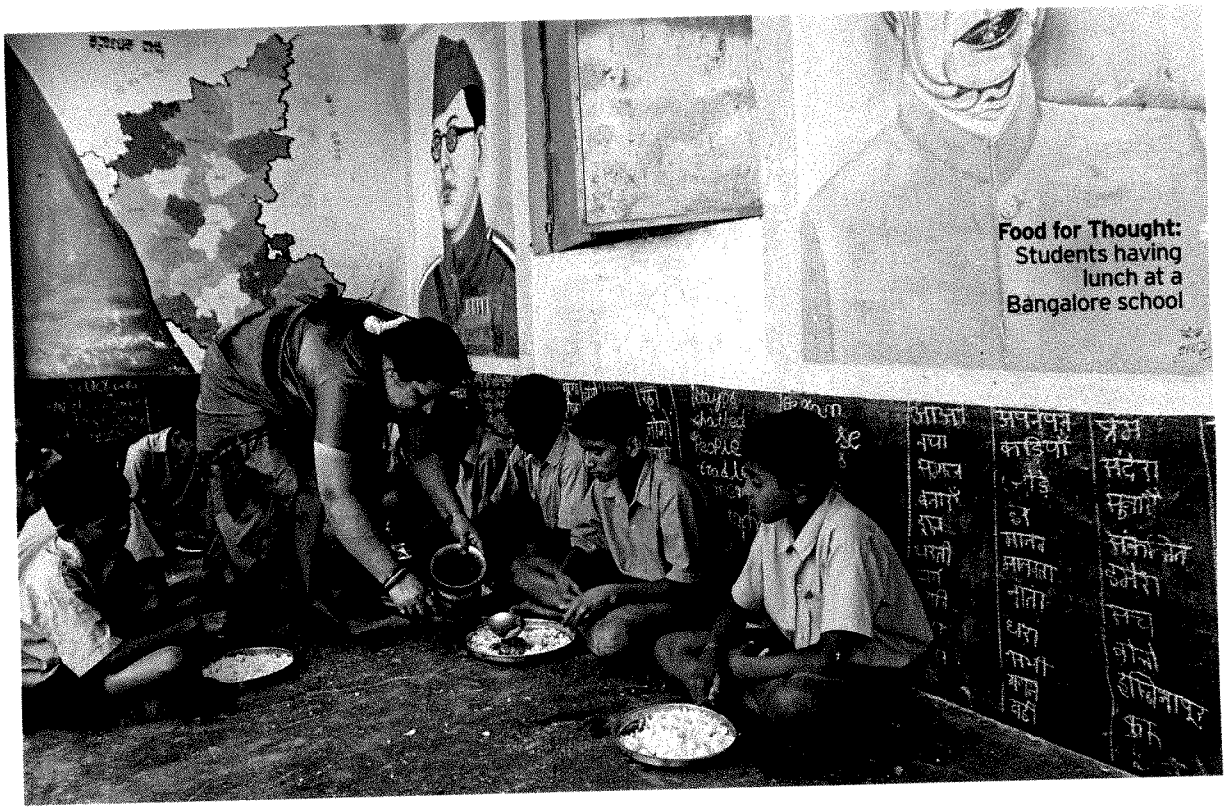
- The Public Enterprise Selection Board will hold interviews on August 30 for selecting the next ONGC Chairman and Managing Director. GAIL India head B.C. Tripathi and ONGC Videsh MD D.K. Sarraf are among the contenders.

Poverty declined to 21.9 per cent in 2011-12: Planning Commission



FOCUS

20 Steel Projects in Limbo
22 Monsoon Impact
26 Courting Iran



Food for Thought: Students having lunch at a Bangalore school

Restoring Appetite

The mid day meal scheme is fraught with shortcomings. It can still be saved if social entrepreneurs play a bigger role in its implementation. By **K.R. BALASUBRAMANYAM**

110 million children are covered by the lunch programme

Ten years ago, Tejaswini Ananthkumar, a former aerospace scientist in Bangalore, was approached by an education department official to provide lunch under the Mid Day Meal Scheme (MDMS) to schoolchildren. Though the thought of feeding thousands of children was daunting, she agreed to supply 10,000 hot meals a day. Today, her non-profit organisation – the Adamya Chetana Trust – feeds about 200,000 children in Karnataka and Rajasthan.

It is a tough job and the Adamya Chetana Trust has a spotless record. However, the recent deaths of 23 children in a Bihar school after eating a poisonous

lunch has turned the spotlight on the world's largest school lunch programme. The MDMS, funded by the Centre after a landmark Supreme Court order in 2001, covers 110 million children – roughly five times the population of Australia – in 1.2 million schools. Pioneered in Tamil Nadu in the 1960s by then Chief Minister K. Kamaraj, it is implemented largely by individual schools rather than by non-profit groups. Food cooked by non-profit organisations only reaches about six million children.

And herein lies the problem. Government schools are not equipped to organise such massive meals. Cooking is not their core competence and they often do not follow safe cooking practices. T.V. Mohandas Pai, Manipal Global Education Services Chairman and a trustee at the Akshaya Patra Foundation, says most complaints related to quality of food at government schools arise from poor hygiene. "The cooks in government schools don't wear caps or gloves, and are not checked for disease. That leads to food poisoning or bad or stale food," he says.

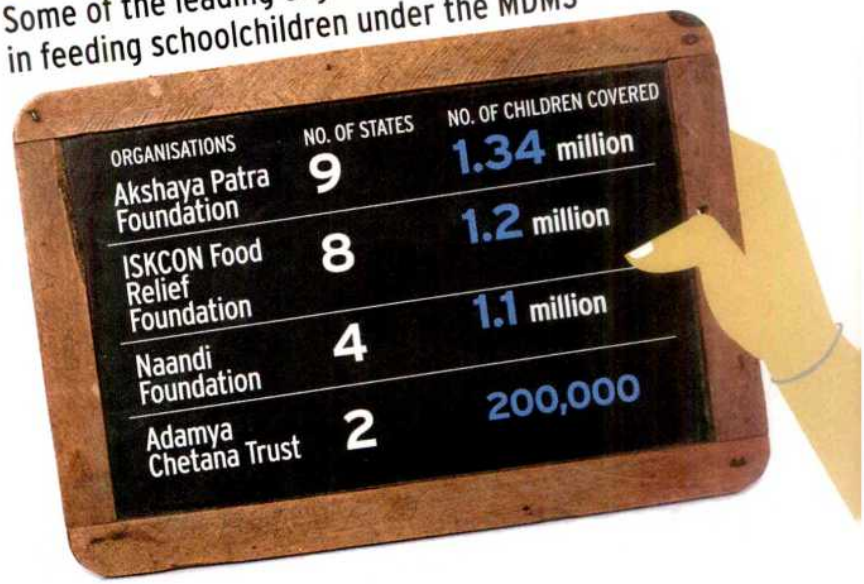
Experts say there is considerable opportunity for social entrepreneurs and public-private partnerships in the scheme. Bangalore-based Akshaya Patra, Mumbai's ISKCON Food Relief Foundation and Hyderabad's Naandi Foundation prepare their MDMS lunches in state-of-the-art kitchens, each with a capacity to cook between 50,000 to 200,000 meals a day. A modern kitchen costs between ₹1 crore and ₹4 crore to build, depending on capacity. While ISKCON feeds 1.2 million children in eight states, Naandi serves about 1.1 million children in four states. Akshaya Patra feeds 1.34 million children across nine states. (See *In the Forefront*.)

Despite the scale, many non-profit organisations run on tight budgets. The Centre supplies rice or wheat and also provides a cash grant for cooking and distribution costs. Many states provide additional funds from their own budgets. For instance, organisations supplying food to primary class children in Andhra Pradesh get ₹4 per meal, while those doing so in Odisha to upper primary classes get ₹5.39 per meal. But this does not cover costs. "The government grants meet 60 to 70 percent of our annual expenses. The rest we mobilise from corporates," says Manoj Kumar, CEO, Naandi.

V. Balakrishnan, Board Member at Infosys and a trustee of Akshaya Patra Foundation, does not think the government is equipped to carry out a mid day meal programme of this scale, and argues in favour of private sector participation. The answer to the problem, he says, is to involve large corporates and ensure the quality of food is maintained during distribution. The massive school meal programme, according to Akshaya Patra Vice Chairman Chanchalapathi Dasa, can open up new opportunities by creating a new stream of workers such as food safety trainers, inspectors and auditors. "Today, the whole programme runs on trust with no accountability.

IN THE FOREFRONT

Some of the leading organisations engaged in feeding schoolchildren under the MDMS



ROAD TO REFORM

- **The private/non-profit** sector should play a **bigger role**
- The **government** should enforce **standards**
- **Parents' panels** should be empowered to **check food quality**
- **Dubious NGOs** involved should be **banned**

There should be a clear command chain with proper accountability," says Balakrishnan.

The biggest advantage of cooking in modern centralised kitchens is that it helps contain costs. Cooking a minimum of 25,000 meals in a centralised kitchen can bring cost efficiency, says Ananthakumar of Adamya Chetana. More importantly, mechanisation helps ensure food safety. "Our topmost priority is food safety. Nutrition, taste, variety and cost optimisation come later," says Dasa of Akshaya Patra.

But the lunch programme is fraught with challenges. State governments seem to be assigning more responsibilities to their schools to implement the lunch programme instead of handing out the job to specialist non-governmental organisations. For example, the Gulbarga zilla panchayat administration in Karnataka has ordered non-profit groups to stop supplying food to schools from August 1 and directed schools to set up their own kitchens instead. There are other unique issues. For instance, Ananthakumar says her organisation is willing to go into new rural areas in the rice belt but not the wheat belt, because making *chapatis* is both cumbersome and expensive.

Despite the flaws, the school lunch programme has been largely successful. Prajisha, a teacher in Kerala's Kozhikode district, says quality is not an issue in the state because teachers in several schools contribute money and eat the same food. Elsewhere in the country, leading non-government organisations are stepping up their feeding capacity. For example, Akshaya Patra aims to feed five million children by 2020.

Studies show the MDMS has boosted school attendance, especially of girls, and has in some cases even reduced nutritional deficiencies in children. The government could take a tip or two from some of the world's older and more successful such schemes. Japan's school meal programme is more than 120 years old, while Mexico's dates back to 1929. Brazil covers 47 million children, and the US and China feed 45 million and 26 million respectively.

While governments all over the world run such schemes, nowhere is it as important as it is in India. Because, for millions of children in the country, the school lunch is the only hope for at least one square meal a day. ◆

ADDITIONAL REPORTING BY E. KUMAR SHARMA, SHWETA PUNJ AND NANDAGOPAL RAJAN

Send your comments to editor.bt@intoday.com

"THE COOKS IN GOVERNMENT SCHOOLS DON'T WEAR CAPS OR GLOVES, AND ARE NOT CHECKED FOR DISEASE"

T.V. MOHANDAS PAI, Chairman, Manipal Global Education Services

Also See *Leaving a Bad Taste*

SO WHAT DO YOU WANT TO TRANSPORT?

Whether it is steel or cement, poultry or plastic, students or employees, we have a range of vehicles for every transportation need. And whatever you buy - multi-axle truck, tractor-trailer, tipper, LCV or bus - you're assured of unparalleled build quality, durability, and performance that gives you the best of both worlds: power and fuel efficiency. Drop in at our dealership today and give your business the advantage of outperformance.

Tourister CNG Regular Bus | Tourister Regular Bus | Tourister Cosmo Regular Bus | Tourister Cosmo School Bus | MN25 | MN31 | MN35/MN40 | MN25 Tipper | MN31 Cowl | Loadking Zoom | Loadking Zoom Tipper | DI3200 CRX

• Powerful, fuel efficient and rugged range of HCVs and LCVs • Over 8000 HCV trucks rolled out of Chakan plant • Over 1 lakh LCVs on road • Over 1578 service points • 48 hours uptime assurance*** • NOW 24x7 expert assistance service • NOW mobile service vans and NOW mobile workshops • Winner of Apollo CV awards for 3 consecutive years • 57 modern, state-of-the-art 3S dealership facilities

MOST COST EFFECTIVE AMC

5 YEARS OR 5 LAC KM WARRANTY*

FIRST TIME IN INDIAN TRANSPORT TRANSFERABLE WARRANTY**

STANDARD WARRANTY FOR TIPPER 4000 HRS. OR 24 MONTHS WHICHEVER IS EARLIER

1800-200-3600 (Toll Free)
NOW | 24X7 EXPERT ON CALL

020-2747 3600
NOW | 24X7 EXPERT ON CALL

www.mahindralcv.com
www.mahindratrucksandbuses.com

Corporate: contactmnal@mahindra.com
Customer care: now24X7@mahindra.com

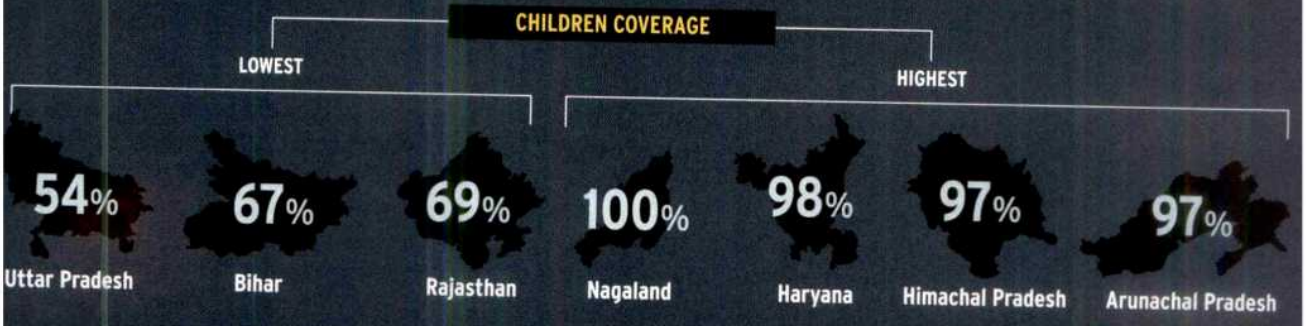
*Warranty applicable for HCV Range of trucks - 5 years or 5 lac km warranty on engine, cabin (metal sheet and frame only) & chassis frame. 4 years or 4 lac km warranty on driveline. 3 years or 3 lac km comprehensive warranty.

LEAVING A BAD TASTE

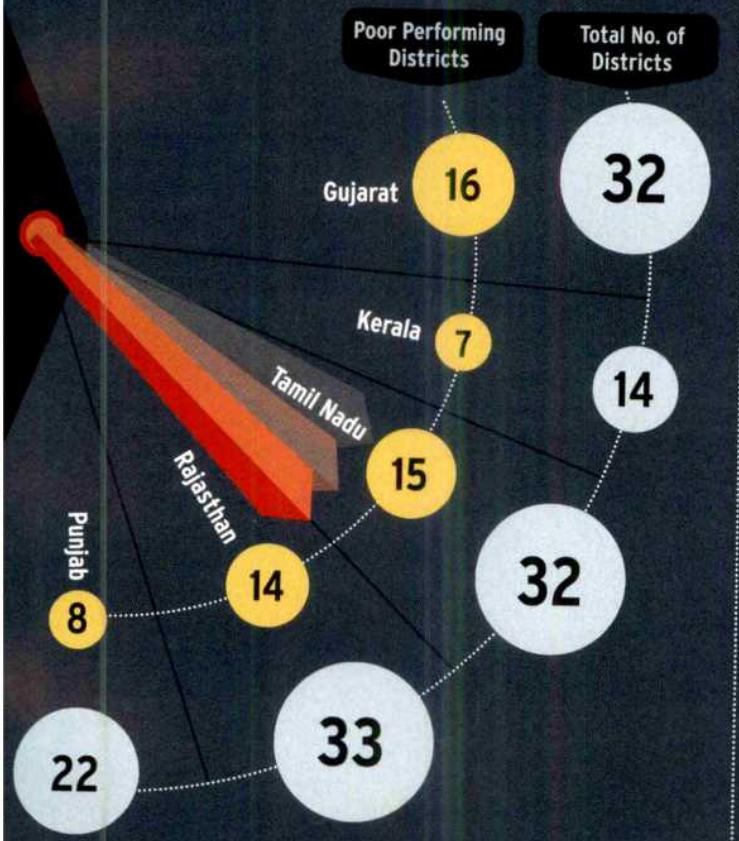
The mid-day meal scheme (MDMS) is one of the biggest such programmes in the world. But irregularities in its implementation have led to numerous controversies and tarnished its image, the latest being the shocking deaths of 23 children in Bihar, caused by the insecticide-contaminated food they were served. A close look reveals that while government expenditure on the scheme has surged, several states still do not have adequate infrastructure in place to run it. Surprisingly, some of India's most developed states fare poorly at implementation.

Graphic by **Santosh** • Research by **Jyotindra Dubey**

3 Small states outperform the big ones in terms of percentage of children enrolled under the scheme



4 Some of the most developed states in India have a high number of poor performing districts in terms of coverage of children

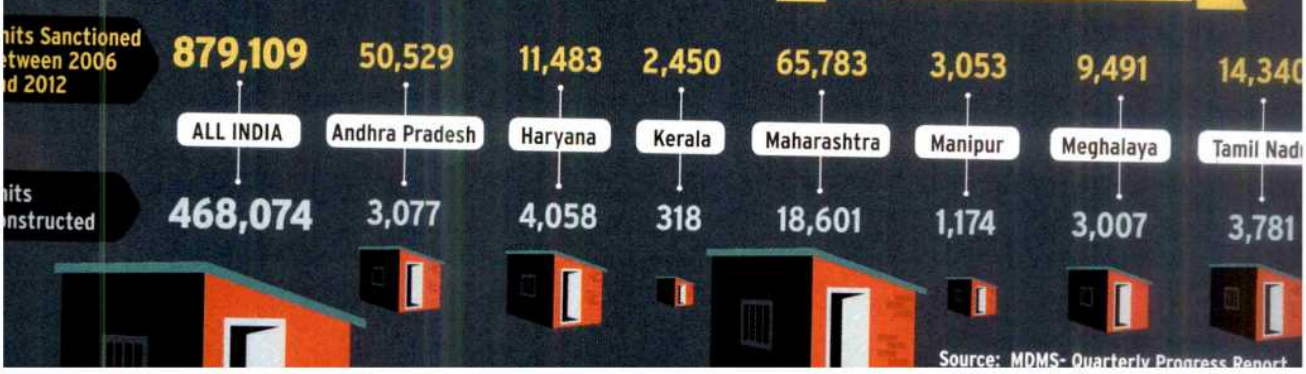


5 Despite large funds being released to states for the scheme, several states have still not put in place basic infrastructure

KITCHEN-CUM-STORES

	Units Sanctioned between 2006 and 2012	Units Constructed
ALL INDIA	955,473	656,152
Andhra Pradesh	75,283	5,697
Jharkhand	39,001	12,546
Kerala	2,450	802
Maharashtra	65,783	18, 347
Haryana	11,483	4,076
Tamil Nadu	14,340	4,275

KITCHEN SHEDS



Source: MDMS- Quarterly Progress Report

Rust in Peace

Mega steel projects in India are in limbo due to inordinate delays in land acquisition and allocation of iron ore mines.

By AJAY MODI

ARABINDA MAHAPATRA

Bone of contention: Protests against land allocation to POSCO in Orissa's capital Bhubaneswar

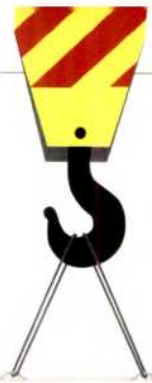
THE PROJECTS WERE EXPECTED TO EXPAND STEEL CAPACITY, CREATE EMPLOYMENT AND SPUR GROWTH

Indian projects are one of the several projects for us. If approvals don't come, capital allocation won't follow." Indian-born steel tycoon L.N. Mittal said so in April last year. Fifteen months later, ArcelorMittal, Mittal's company, decided not to proceed with its plans to set up a 12-million tonne steel unit in Orissa. ArcelorMittal joined South Korean steel giant POSCO in abandoning planned mega projects in India. POSCO announced its exit from a six-million tonne steel project in Karnataka a day before Mittal pulled out of the Orissa project. The problem for both was the same – delays in land acquisition and in the allocation of iron ore mines.

"Over the last seven years we have invested considerable resources in this project. However, the delays relating to land acquisition and allocation of captive iron ore blocks mean this project is no longer viable," says Vijay Bhatnagar, CEO of ArcelorMittal for India and China. The company will continue to pursue its two other projects – in Jharkhand and Karnataka. But land acquisition delays have also hampered the progress of ArcelorMittal's proposed 12 million tonne plant in Jharkhand. "The company faced problems in land acquisition at two locations and is currently exploring a third location," says A.P. Singh, Industry Secretary, Jharkhand. "We have allotted them some iron ore mines and water."

Indeed, several mega steel projects are stuck in mineral-rich states such as Orissa and Jharkhand due to identical reasons. These were all expected to expand steel capacity, promote ancillary industries, create employment and spur industrialisation.

ArcelorMittal is one among several com-



panies which signed a pact with the Orissa state government to set up steel projects. The Memorandum of Understanding (MoU) with ArcelorMittal in December 2006 entailed investment of ₹40,000 crore in two phases. In a span of three years beginning 2004, the state signed 10 MoUs for investments worth ₹172,286 crore to set up 57 million tonnes of steel capacity. Companies that entered into agreements include Tata Steel, Essar Steel, Jindal Steel & Power, Bhushan Steel, Uttam Galva and Welspun. Most of these have not even been able to complete land acquisition. Companies have been forced to start with smaller capacities. Tata Steel is looking to commission the first phase of its six million tonne Kalinganagar project by end of fiscal year 2014/15. POSCO's planned ₹51,000-crore, 12-million tonne steel plant in Orissa has been delayed by years. Land acquisition for first phase of the project was only recently completed, though the MoU was signed in 2005.

In Jharkhand, Monnet Ispat is considering pulling out of a project for which the MoU was signed in 2003. The company had proposed an investment of ₹1,400 crore in a 1.5-million tonne steel plant. Some investment proposals from companies such as Bhushan Steel and Ispat Industries (now part of JSW Steel) were cancelled by the state government citing slow progress.

India ranks fourth in steel production after China, Japan and the US. However, it is a laggard when compared with the top three, particularly China. With production of 716 million tonnes in 2012, China accounted for 46 per cent of global steel output. India, with 77 million tonnes, made up just five per cent. India's per-capita steel consumption is 59 kg compared with China's 477 kg. India was on the radar of foreign companies such as ArcelorMittal and POSCO due to its rich resources, cheaper cost of production and a growing consumption base. But, clearly, tardy execution has derailed everything, including many projects by domestic companies.

R.S. Pandey, who served as the country's steel secretary between 2006 and 2008, says the developments are a cause for concern. "These are major investments and if after years of effort they are getting scrapped, it does not augur well for the economy. States should do adequate preparation before inviting investors," he says.

The exits can also be partly attributed to the uncertain and volatile global macroeconomic environment. Global steel demand grew only 2.1 per cent in 2012 compared with 6.2 per cent in 2011. Global steel production inched up 1.2 per cent to 1.54 billion tonnes in 2012, registering the lowest growth of the last four years. Capacity utilisation also suffered and was lower than in 2011. Expansion plans, then, are not a priority for the industry. POSCO India Chairman and Managing Director Yong Won Yoon attributed the exit from the Karnataka project to market conditions along with a significant delay in land acquisition.

Jharkhand's Singh says he is not satisfied with the progress of various projects in the state. "Steel companies are treading cautiously. There is a slowdown in the sector," says Singh.

The good news, however, is that steel giants, including ArcelorMittal and POSCO, have multiple projects in the country. The exit from the troubled one will allow them to focus better on their other ventures. ◆

IN A BIND

A total of 24 mega steel projects worth ₹267,000 crore stuck in various states, primarily due to problems in land acquisition. Some examples

ArcelorMittal's ₹50,000-crore project in Jharkhand, proposed in 2005

POSCO's ₹51,000-crore project in Orissa, proposed in 2005

Sterlite's ₹20,000-crore project in Orissa, proposed in 2004

Monnet Ispat's ₹1,400-crore project in Jharkhand, proposed in 2003

Monsoon dependent: Rice planting in West Bengal's West Midnapore district

Right as Rain

A good monsoon this year is expected to yield a bumper kharif crop, cooling food inflation. By AJAY MODI

Kharif sowing has made steady progress this year on the back of a good monsoon, raising prospects of a bumper crop. Rice, oilseeds and cotton, among other major crops, had been sown across 75 million hectares as on July 26 – up 18 per cent over the area cultivated last year.

According to the Indian Meteorological Department, about 83 per cent of the country had received normal or excess rainfall from the Southwest monsoon beginning June 1. "By and large, the monsoon is quite encouraging. Because of a good monsoon, farmers have taken initiatives for sowing operations," Agriculture Minister Sharad Pawar said recently. "Sufficient seeds were provided by the Centre and states. That's why the area sown so far this year is higher compared to last year," he added. The kharif season (June to September) accounts for approximately half the foodgrain output in the country while rabi (October to February) makes up for the rest.

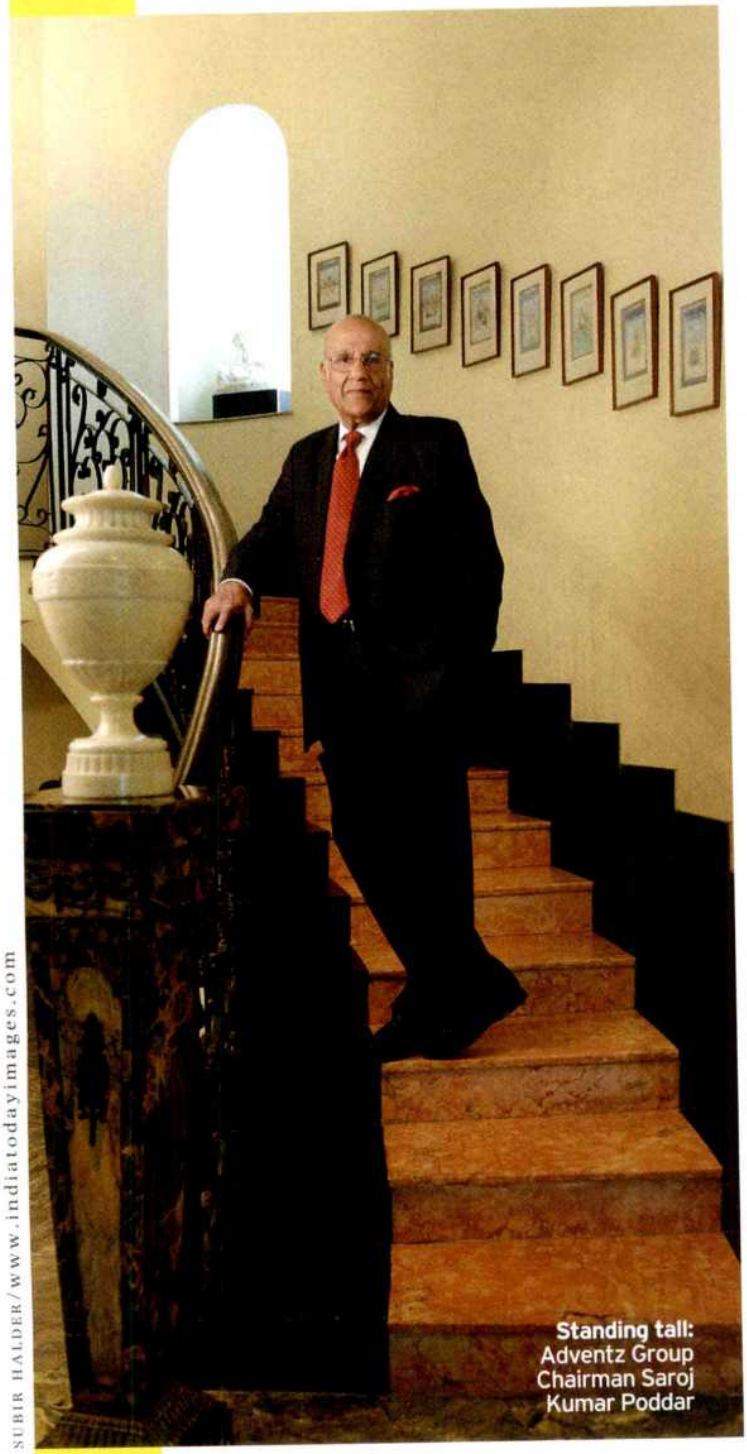
DATA SHOW THAT AREA UNDER ALL THE MAJOR KHARIF CROPS THIS YEAR HAS BEEN HIGHER

Data show that area under all the major kharif crops this year has been higher. Rice, the main kharif cereal crop, was sown over 19.63 million hectares, up 7 per cent from last year. The area under pulses has gone up 86 per cent to 7.36 million hectares while the area under oilseeds has gone up 21 per cent to 16.71 million hectares. A large portion of the consumption demand for both pulses and edible oil is met through imports.

The area under cotton, another important kharif crop has surged by 8 per cent to 10.5 million hectares, and this bodes well for the textile industry. In 2012/13, domestic cotton output had declined four per cent to 34 million bales owing to a drought in the main cotton producing states of Gujarat and Maharashtra. This had also impacted cotton exports last year. The coverage of coarse cereals went up by 27 per cent to 15 million hectares. This has positive implications for the domestic poultry industry. "The sowing progress is satisfactory. We should see a good kharif harvest," says Madan Sabnavis, Chief Economist at CARE Ratings.

Kharif crop output touched an all-time high of 131.27 million tonnes in 2011/12. But kharif production had fallen in 2012/13 because of the drought in Karnataka Maharashtra, Gujarat and Rajasthan. Timely sowing this year will ensure crops get adequate time to mature. The higher kharif output this year is expected to cool food inflation as well. Wholesale price index-based food inflation stood at 9.75 per cent in June, up from 8.25 per cent in May and 6.08 per cent in April. July may well be a different story. "If this (monsoon) situation continues, foodgrain production this year will break the record of the last two years," said Pawar. ◆

Leading Japanese convenience store Lawson used analytics to master the art of the sale.
High performance. Delivered.
Lawson convenience stores faced a challenge: ongoing marketing promotions weren't driving new sales. We helped leverage data from 40 million customers enrolled in Lawson's loyalty programme to optimise marketing investments and improve shelf space allocations and fulfilment. With more than $12.5 million in profits already generated, efforts are on target to exceed a $125 million annual sales increase. That's high performance, delivered.
consulting | technology | outsourcing
accenture



SUBIR HALDER/www.indiatodayimages.com

Standing tall: Adventz Group Chairman Saroj Kumar Poddar

In Hot Pursuit

Saroj Poddar has ambitious plans to make his $3 billion Adventz Group a formidable player in fertiliser and engineering businesses.

By MANU KAUSHIK

Saroj Kumar Poddar is not one to give up easily. In the late 1970s, he approached US-based consumer products company Gillette to set up shop in India. Convincing Gillette was a difficult task. Many large Indian industrial houses had previously failed to bring the brand to the country. There was another glitch. Indian law put several restrictions on foreign companies operating in the country. Poddar pursued the matter with the government for seven years and finally received approval in 1984.

Nearly three decades later, the 68-year-old Marwari industrialist is engaged in new battles. His unassuming personality, soft voice and a perennial smile on the face is in sharp contrast to the aggressive plans he has chalked out for his $3 billion Adventz Group.

Under Adventz, Chairman Poddar runs 23 companies across fertilisers, seeds, rail wagon manufacturing, petrochemicals, oil and gas, and infrastructure sectors. A significant part of Adventz's revenue comes from Zuari Agro Chemicals, Texmaco Rail & Engineering, and Paradeep Phosphates, the companies he inherited from his father-in-law Krishna Kumar Birla, who died in 2008.

The Game Plan

MANGALORE CHEMICALS & FERTILIZERS

Adventz Group's stake buys in Mangalore Chemicals and Kalindee Rail, and the difficulties it faces in taking total control

16.5%
STAKE HELD BY SAROJ PODDAR'S ZUARI AGRO CHEMICALS

21%
UB GROUP'S STAKE OVER WHICH PODDAR HAS A RIGHT OF FIRST REFUSAL

24.46%
STAKE BOUGHT BY RIVAL SAILESH MEHTA'S DEEPAK FERTILISERS

For the past 30-odd months, Poddar has set his sight on Mangalore Chemicals and Fertilizers (MCF), a Pune-based company operated by liquor baron Vijay Mallya. In April, Poddar bought a 10 per cent stake in MCF. But he was taken for a surprise when Sailesh Mehta-led Deepak Fertilisers and Petrochemicals showed interest in MCF and bought a 24.46 per cent stake for about ₹179 crore. Poddar upped the ante in July, buying another 6.5 per cent stake. Since April 1, the MCF stock has jumped more than 90 per cent.

Poddar says there is a lot of synergy between Zuari Agro and MCF that justifies his pursuit. "Both have similar vintage plants and operate in the same markets [Karnataka and Maharashtra]. Both companies can work in the interest of farmers."

The tussle to gain control of MCF has now reached Mallya's doorsteps. Mallya's UB Group owns about 21 per cent of MCF. Poddar says Mallya gave him the first right of refusal on his shareholding in MCF about a year ago. "If I look at just my holding alone, I am not the largest shareholder. But if I add UB Group's shareholding, then I am far ahead," he adds.

PODDAR SAYS VIJAY MALLYA GAVE HIM THE FIRST RIGHT OF REFUSAL ON HIS STAKE IN MANGALORE CHEMICALS ABOUT A YEAR AGO

Analysts say the deal could swing either way, but Poddar is confident of his long-standing relationship with the Mallya family. "My association with Mallyas goes back to the date when Vittal Mallya (Vijay's father) was chairman of Singer India. We were colleagues on the same board," says Poddar. "Vijay is a dear friend. If he had given me a slight indication, I would have kept out of it."

Acquiring MCF is just one part of his game plan. Zuari Agro has recently modernised its Goa plant, switching from naphtha to natural gas as fuel. It has formed a joint venture with Japan's Mitsubishi Corporation to set up a ₹4,500-crore fertiliser plant in the United Arab Emirates. This plant will produce one million metric tonnes a year by 2016. Zuari's existing capacity is 1.1 million tonnes. This venture has also acquired a stake in a Peruvian company that will supply raw material.

Zuari's takeover attempt comes after the company suffered a particularly bad year. The company's net profit dropped to ₹64.3 crore in 2012/13 from ₹164.4 crore the previous year, hurt by bad weather, lower availability of raw materials and the rupee's depreciation. Edelweiss Securities analysts say the company facing multiple adverse events last year was unusual and that its performance will likely improve this year.

Poddar has opened another front. Through Texmaco, a rail wagon maker, he plans to acquire Kalindee Rail Nirman (Engineers). Kalindee, based in Gurgaon, builds railway tracks and yards, and signaling and communications systems. Texmaco is the largest freight car manufacturer in the country, producing one of five wagons for Indian Railways, and the Kalindee deal will diversify its business. Poddar says Texmaco's strength lies in products while Kalindee is known for its services business. "The combined entity can offer holistic services to customers."

The Kalindee board has approved issuing a 24.9 per cent stake to Texmaco on a preferential basis. Poddar also entered into a pact to buy Kalindee promoter R.D. Sharma's 15.63 per cent, which translates into 11.74 per cent after the allotment of preferential shares, in July. Texmaco has also made an open offer to acquire about 30 per cent more from public shareholders.

Poddar is not the sole suitor for Kalindee. Jaipur-based engineering company Jupiter Metal has launched an open offer priced at ₹70 a share, higher than Texmaco's ₹68. Kalindee shares have jumped 33 per cent in the past month on talk of a possible takeover.

The next few weeks will certainly be challenging for Poddar as he tries to seal the two deals. His strong business acumen and never-say-die attitude will stand him in good stead. ◆

KALINDEE RAIL NIRMAN

11.74%
STAKE SOLD BY KALINDEE PROMOTERS TO PODDAR'S TEXMACO RAIL & ENGINEERING

24.9%
PREFERENTIAL SHARES THAT KALINDEE BOARD AGREED TO ISSUE TO TEXMACO RAIL

30%
STAKE THAT BOTH TEXMACO AND RIVAL JUPITER METAL AIM TO BUY FROM PUBLIC

Fresh bonds: External Affairs Minister Salman Khurshid (third from right) with Iranian leaders in Tehran while attending the India-Iran Joint Commission meeting in May

Re-igniting an Old Flame

With plenty to gain from doing so, India makes an effort to improve relations with Iran. By ANILESH S. MAHAJAN

IRAN IS COMMITTING ITSELF TO A BILLION DOLLAR SOVEREIGN GUARANTEE FOR ALL SHIPS HEADING TO INDIA, LARGELY WITH CRUDE OIL

Not long ago, Iran was a subject officials in the central ministries preferred not to discuss. Their dilemma was obvious. Tehran and New Delhi have longstanding ties, but given the sanctions imposed by the United Nations on Iran – at the United States's behest, in a bid to stop its controversial nuclear programme – New Delhi had little choice but to distance itself from its former ally as well.

Officially, there has been no change in India's stance since then. But in practice it is a different matter. First, External Affairs Minister Salman Khurshid visited Tehran in early May. Now Petroleum Minister M. Veerappa Moily is preparing to follow suit in end-August or early September. "Yes, I'm going to Iran as well as to Kazakhstan and Azerbaijan," he told *Business Today*. "I'm going with an open mind."

Foremost among the matters Moily will discuss in Tehran will be India's resumption of exploratory work in the Farzad B gas field in the Persian Gulf. Farzad B is estimated to have gas reserves of 21.68 trillion cubic feet (Tcf), of which 12.8 Tcf may be recoverable. State-owned Indian companies ONGC Videsh Ltd (OVL), Indian Oil and Oil India had formed a consortium and won the rights to explore the gas field, but India did not apply to renew the service contract because of the UN sanctions. Meanwhile, Iran is committing itself to a billion dollar sovereign guarantee for all ships heading to India with Iranian products – largely crude oil. "Similar things are

been worked out for the exploration work too," says an official in the external affairs ministry. A petroleum ministry official maintains Moily could make a firm commitment to resume exploration.

The sanctions have already reduced Iran's petroleum exports by half, with India too cutting down its imports. Doing business with Iran has been rendered increasingly difficult, since the supply of oil rigs is controlled by the West, as is the entire business of international insurance and re-insurance. Already, there is the persisting problem of paying Iran for oil imports. Given the sanctions, dollar payments are not possible, since international banks will not handle the transactions. "We have paid 40 per cent in Indian currency, but are still looking for ways to pay the balance," says a finance ministry official.

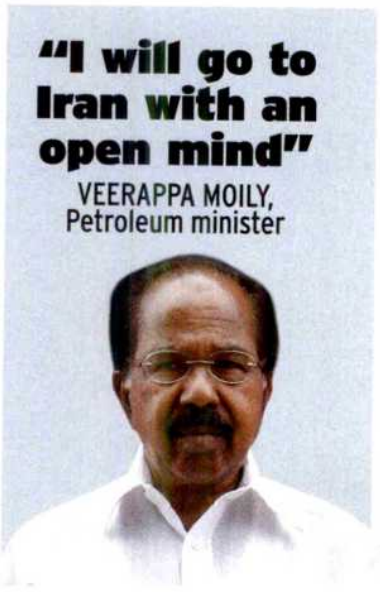
But officials close to the Farzad B related development maintain that in a renewed effort, OVL has been asked to look for ways to circumvent the sanctions. One option being considered is that of using a relatively small player to carry out the exploration work, rather than the consortium, so that even if that entity is blacklisted, it will not affect India's other operations. But insurance will remain a problem, as well as employing foreign experts. "We are working closely with the Iranian establishment. This is good asset, it is in our interest that we should not let it go," says an official.

Iranian oil minister Rostam Qasemi, too, visited India in end-May. He offered some more oil and gas blocks for Indian companies to explore. He also proposed an undersea Iran-India pipeline, circumventing the land route through Pakistan. But the officials involved claim India is not terribly keen on such a pipeline right now. Instead it is very keen to set up a fertilizer plant in Iran, most likely near the port city of Chabahar and has been hunting for companies, be they public or private, to take on the project. Qaqsemi, during his visit, assured gas for the proposed unit. India has also committed itself to taking on the renovation of Chabahar port with an assured investment of $100 million. India plans to lay a rail link from this port to Afghanistan, thus making inroads into central Asia bypassing Pakistan.

Given the new prevailing spirit, a foreign ministry spokesperson now denies that ties with Iran have been affected at all. "Our stand has not changed one bit," he says. "We maintain Iran will have to come clean about its nuclear plans, but we have also told the West we cannot sever our relations with Iran which go way back into history." Similarly, in an earlier discussion with *BT*, Sudhir Vasudeva, Chairman and Managing Director, ONGC said: "Iran was always good to us. It continues to supply us with crude. We have no objections to Iran apart from these sanctions it is facing."

The urgency to mend fences has also been prompted by the awareness that Pakistan and China have been cozying up to Iran. Pakistan is going ahead with its pipeline plan – which now excludes India – and has also accepted Iran's offer to set up a refinery at Gwadar in southern Sindh. The port in Gwadar is controlled by China, which can use the refinery to meet some of its growing requirement of refined products. "Now India will have to balance the power equation in the region," says security analyst C. Uday Bhaskar.

India may be taking the gamble of incurring the US's wrath, but change is in the air in Iran as well. Many hope the ascension of the President-elect Hassan Rouhani, known to be a moderate, in August, will see sanctions being eased. Iran has indicated its willingness to start talks with the permanent members of the UN Security Council. "We hope things improve further," says an official. ◆



Send your comments to
editor.bt@intoday.com

Falling Supply

India had reduced its dependence on oil from Iran, but that may change

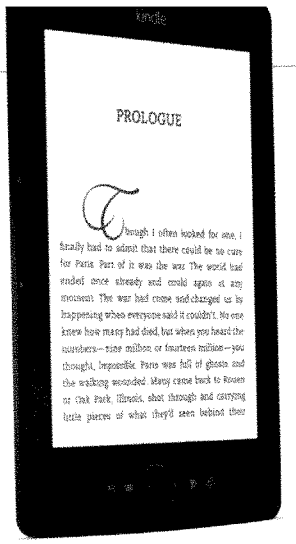
Source: Ministry of Petroleum & Natural Gas

Yes, Master

...e smartphone does a host of things, but ...ere are still some things it cannot. To fill ...n those gaps, there is now IFTTT, short of 'If This, Then That'. This can do a lot of stuff, from saving a copy of the photos you click to Dropbox to sending a "Good to meet you" mail to every new person added to your contact list. But you have to assign task to the app. It will perform the action only when a condition assigned is met - hence the name. Available only on iTunes at the moment.

Cost: Free (Only for iPhones)

AN APP TO MAKE WORK EASIER, A NEW KINDLE AND AN FFORDABLE BB



Handheld library

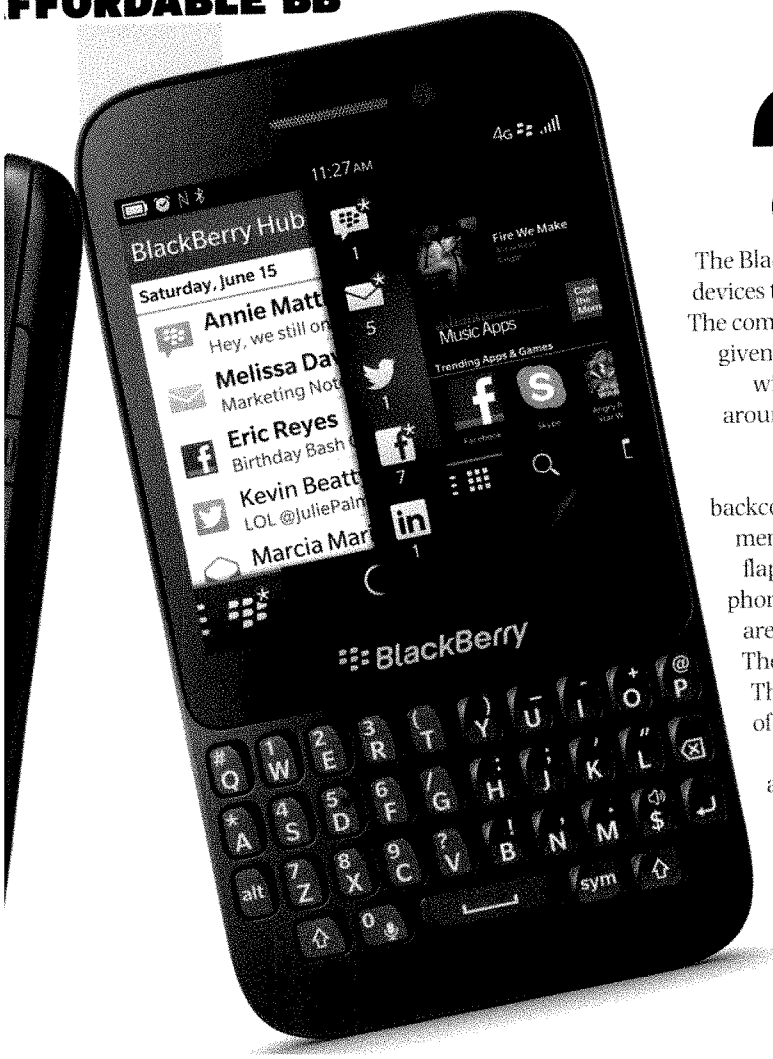
The Kindle is the closest a device comes to providing the experience of reading an actual book, with the added advantage that you can use it in pitch darkness. The latest extra-thin Kindle Paperwhite is a Spartan device, which like a book eschews buttons. There is just a power/snooze button at the bottom. Rest all operations are done on the touchscreen. It takes a while to adjust to, but soon starts excelling as an ebook reader. You can change the fonts used and their size, as well as the brightness, to suit your needs. The X-ray function is great to find a character spread across a long book. You can browse the web too.

NANDAGOPAL RAJAN

Biggest library
Ideal form factor

Slightly expensive
3G free only for books

Kindle Paperwhite 3G **Price:** ₹13,999



BlackBerry Q5 **Price:** ₹24,990

Catching Them Young

The BlackBerry Q5 is the most affordable of the three devices that use the new BB10 operating system (OS). The company is clearly aiming this one at the young, given its relatively affordable price. (The other two with the new OS, the Z10 and the Q10 both cost around ₹40,000 or more.) The design is similar to the Q10 with a 3.1-inch touch display and a QWERTY keyboard. It has a non-removable backcover to keep it slim – hence the micro SIM and memory card slots are on the side, under a flimsy flap. The OS is as smooth as it is on the other two phones and allows multi-tasking with ease. Many are likely to buy the phone just for the keyboard. The keys are well spaced and comfortable to use. There is a 5 MP rear camera which has its share of problems when the light is dim. The Q5 packs a 1.2Ghz dual-core processor with 2 GB RAM and its performance is really not an issue here.

NIDHI SINGAL

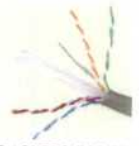
Keypad, Size
Build quality

Lack of top apps
Poor camera

Infrastructure support that's experienced, not seen.

Structured cabling solutions from Schneider Electric are never visible to the eye, hidden as they are beneath the ground or tucked away in pipes. But make no mistake, they work ceaselessly. Schneider Electric's global expertise is customised to deliver in local conditions. On-time deployment, future-proof standards, and hassle-free operation, is what you get. So reliably as to be taken for granted. Empower your business with the invisible power, Schneider Electric.

Make the most of your energy.℠



Cat 6 UTP Solid Cable

Cat 6 UTP Patch Cord

PRODUCT RANGE	
Actassi	Digilink

Download the white paper 'The Need for and Evolution of 10G Ethernet'.
Enter to win an iPad mini*! Visit www.SEreply.com Key Code 50399y
For more information, call us on 1800 180 1707

Schneider Electric

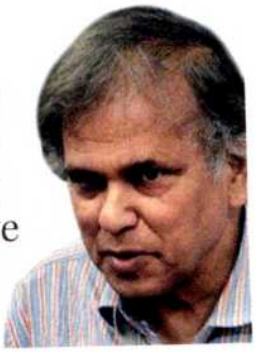
© 2013 Schneider Electric. All Rights Reserved. Schneider Electric, Digilink, Actassi, Make the most of your energy are trademarks owned by Schneider Electric Industries SAS or its affiliated companies. All other trademarks are the property of their respective owners. www.schneider-electric.com.
*Terms and conditions apply

"This is a step away from the narrow definition of poverty we have been using. The line is really what I call a '*kutta-billi*' line – only cats and dogs can survive on it"

N.C. Saxena, *Member of National Advisory Council, in* The Hindu

"The population below the poverty line declined at 0.75 percentage points per year before our government came to office in 2004/05. It has fallen more than two percentage points per year between 2004/05 and 2011/12"

Manmohan Singh, *Prime Minister, in* The Economic Times

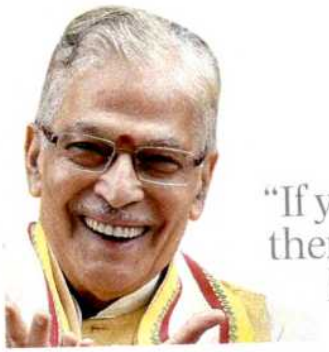


"If the survey had covered the period 2012/13, which saw GDP growth slipping to five per cent, the poverty outcome would not have been that satisfying"

Amitabh Kundu, *Former member of National Statistical Commission, in* The Indian Express

"WHEN WE TALK ABOUT ₹27.20 A DAY (PER PERSON) FOR RURAL (AREAS) OR ₹33.33 A DAY FOR URBAN ONES, WE ARE TALKING ABOUT THE BASIC LEVEL FOR SURVIVAL. SO THESE NUMBERS ARE NOT REALLY FARFETCHED FOR A FAMILY OF FIVE"

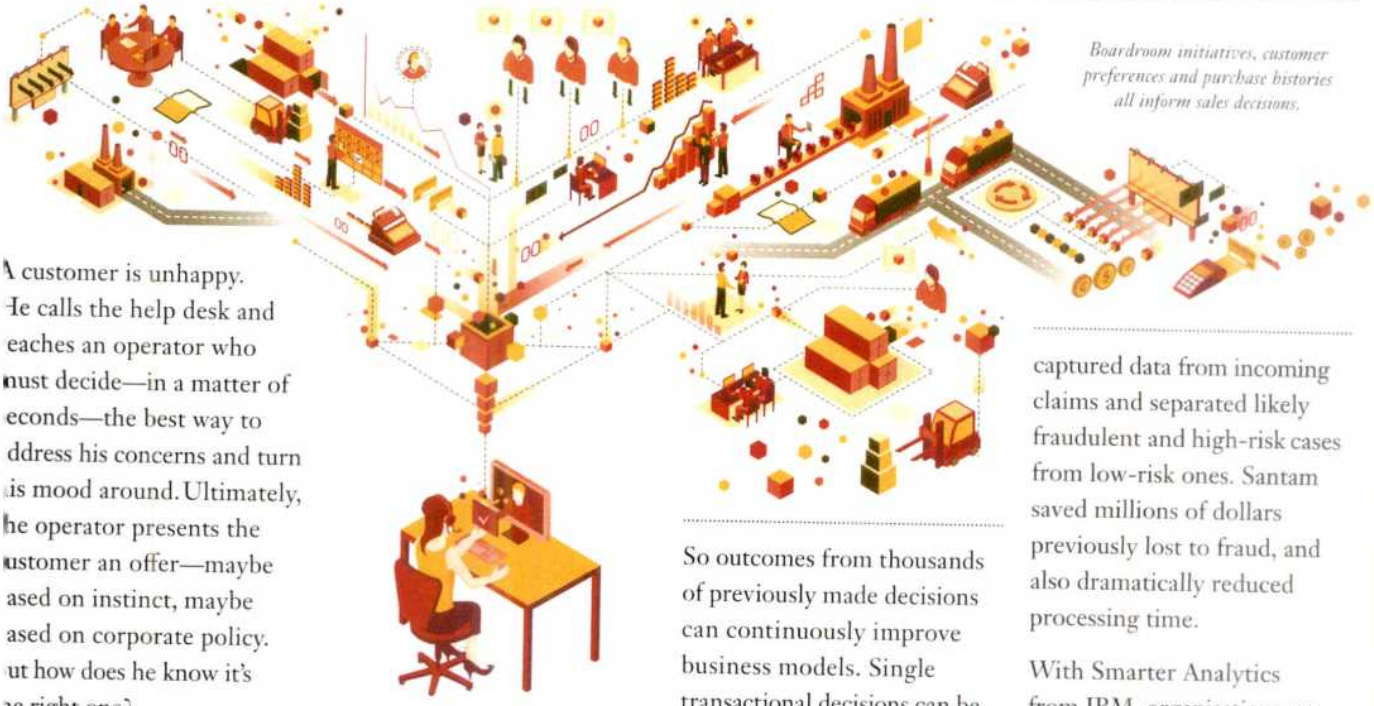
Madan Sabnavis, *Chief Economist at CARE Ratings, in* The Economic Times



"If you change the definition of 'poor' then poverty will reduce. It depends how the poor are perceived"

Murli Manohar Joshi, *BJP leader, on* ND

AUGMENTING INTUITION:



Boardroom initiatives, customer preferences and purchase histories all inform sales decisions.

A customer is unhappy. He calls the help desk and reaches an operator who must decide—in a matter of seconds—the best way to address his concerns and turn his mood around. Ultimately, the operator presents the customer an offer—maybe based on instinct, maybe based on corporate policy. But how does he know it's the right one?

"Gut feel is great for everyday problems. But, it often leads us astray when we're presented with complex streams of information. We can be blinded by the newest and nearest data point and miss the big picture."

*-**Nate Silver**, statistician, author and writer for* The New York Times

Data from inside the company (like trend reports) and from the customer himself (like social media activity) likely holds the answer. But employees don't have the tools to process such a staggering amount of ever-changing data fast enough.

For one single decision, that doesn't seem like a very big problem. But how many decisions are made in your organisation every day? Together, they can significantly impact your bottom line.

MORE THAN A GUT FEELING.

A new approach to decision making can help employees see the best next steps at every single touch point. By integrating predictive analytics, business rules and optimisation, decision management solutions from IBM can enable real-time, adaptive decisions. Turning data and decision trees into insights and actions.

So outcomes from thousands of previously made decisions can continuously improve business models. Single transactional decisions can be optimised. And recommended actions can be delivered where they'll have the most impact.

ARMING EMPLOYEES WITH ANALYTICS.

A SOLID RECOMMENDATION.

That's what Santam Insurance did. Using an advanced analytics solution from IBM, the South African company captured data from incoming claims and separated likely fraudulent and high-risk cases from low-risk ones. Santam saved millions of dollars previously lost to fraud, and also dramatically reduced processing time.

IBM helped Santam Insurance automatically assess fraud risk and settle legitimate claims 70 times faster.

With Smarter Analytics from IBM, organisations are arming employees with the information they need to make decisions more informed, recommendations more adaptive and outcomes more profitable. Learn more at **ibm.com/decisionmanagement/in**

LET'S BUILD A SMARTER PLANET.

IBM

the IBM logo, ibm.com, Smarter Planet and the planet icon are trademarks of International Business Machines Corp, registered in many jurisdictions worldwide. A current list of IBM trademarks is available on the Web at ibm.com/legal/copytrade.shtml. © International Business Machines Corporation 2013.

Royal Mess

Many companies sought to cash in on the excitement around the British royal family's new member. But for one such, the effort went embarassingly wrong. It designed plates in advance with the inscription: 'To celebrate the birth of Royal Princess', the entire investment on which will now have to be written off. It seems it had a tip-off from an insider that the Duchess of Cambridge would deliver a girl. As it happened, Prince George was born.

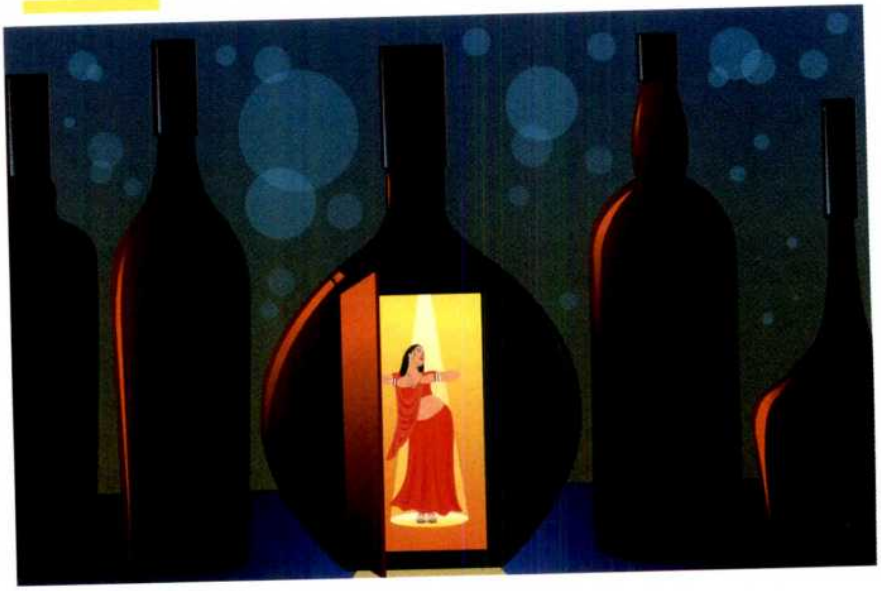
Big Wheel

US-based bike manufacturer Ecosse Moto Works's latest creation in the Titanium Series – the FE Ti XX – has been called the most expensive motorcycle in the world. It sells for a whopping $300,000 (₹1.64 crore), or the price of more than 50 Maruti Altos. It is powered by a 2,409 cc billet aluminium engine and transmits 228PS of power to the rear wheel. Only 13 units of the bike are being made to keep the series exclusive.

Missing the Target

Though the Centre is trying its best to fast track all big projects ahead of 2014 general elections, mega projects worth ₹1,000 crore still face hurdles. A Ministry of Statistics and Programme Implementation report stated that of the 204 sanctioned projects currently in progress, 99 had been delayed primarily due to insufficient funding. The costs of these 99 had risen 17.7 per cent from the time they were sanctioned.

HOW THINGS WORK



HSOLNVS

Dance No Bar

The Supreme Court decision, striking down the Bombay Police (Amendment) Act of 2005, has cleared the path for the return of dancing girls to the bars in and around Mumbai. A closer look at the 'bar dancer' phenomenon:

Performance: It consisted of fully clothed young women in bars dancing to the tune of popular Hindi film numbers before a predominantly male audience. A striking feature was that of the women being showered with currency notes by some of the watchers. The dances were usually traditional folk – *mujra, lavni, tamasha,* etc – or the Bollywood bump-and-grind. At the time the dance bars were shut down – on August 15, 2005 – dancers were being paid between ₹2,000 and ₹10,000, and were also allowed to keep 70 per cent of the money showered on them.

History: Bar dancing evolved from the 'cabarets' presented in select restaurants of Mumbai during the 1960s and 1970s. The first such bar, called Baywatch, is said to have opened at Khalapur on the Mumbai-Pune highway in the early 1980s.

Popularity: At their height, there were 1,250 licensed dance bars in Maharashtra, around 700 of them in Mumbai. The total number was estimated at around 4,000 – the rest functioning without licences – employing in all around 75,000 dancers. Some dancers achieved considerable personal popularity, the best known among them being Tarannum Khan, who performed at Deepa Bar in Vile Parle, northwest Mumbai.

Impact: The bar dancers have been celebrated in cinema with films like Madhur Bhandarkar's national award winning *Chandni Bar* and books such as Suketu Mehta's much-discussed *Maximum City: Bombay Lost and Found.* They have also been the subject of a study by University of Chicago's anthropology department.

Legal battle: Dance bars were accused of violating obscenity laws and compromising the dignity of women. In a personal crusade, Maharashtra Home Minister R. R. Patil had a law passed rendering them illegal. Bar owners and dancers then approached the Bombay High Court, which supported them, but the state appealed against the decision in the Supreme Court. Even now, it is consulting legal opinion for ways to challenge the Supreme Court decision.

COMPILED BY BASUDHA DAS

Reaching the top is good. Staying on top is even better.

This year, VIT has moved up to rank No. 8 among the premier engineering institutions in India.

To be ranked one of India's finest engineering institutions year after year is no mean achievement. But to beat ourselves at our own game is an accomplishment we are proud of. This proves that in spite of our world-class standards in education, an inspiring faculty, the finest infrastructure, a high research output and the best placement opportunities for students, we don't take ourselves for granted. Which is why, we are one of the most coveted premier engineering institutions in India today.

INDIA'S Best COLLEGES THE INDIA TODAY-NIELSEN SURVEY

INDIA TODAY June 24, 2013

Top 10 COLLEGES ENGINEERING

1 Indian Institute of Technology, Delhi
2 Indian Institute of Technology, Kanpur
3 Indian Institute of Technology, Kharagpur
4 Indian Institute of Technology, Chennai
5 Indian Institute of Technology, Roorkee
6 Birla Institute of Technology and Sciences (BITS), Pilani
7 Institute of Technology, Banaras Hindu University, Banaras
8 Vellore Institute of Technology, Vellore
9 Delhi College of Engineering, Delhi
10 Indian Institute of Technology, Guwahati

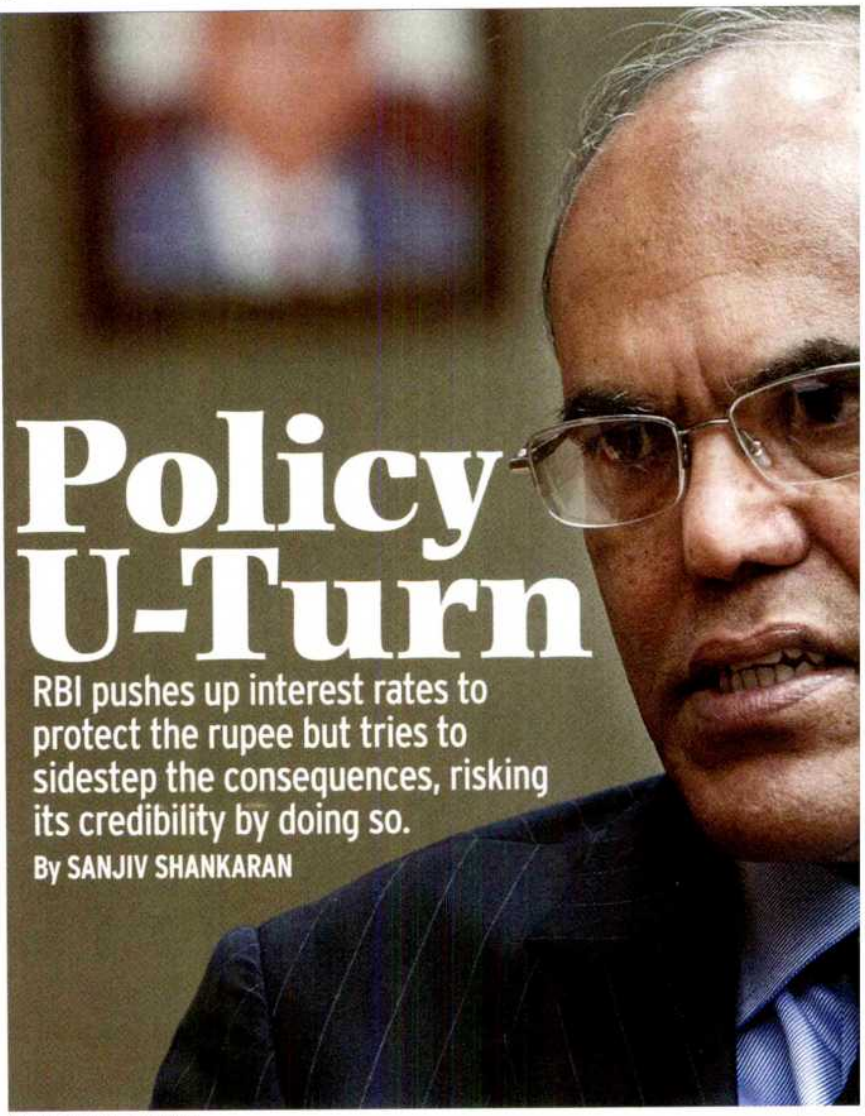
"Individual Topper - Vellore Institute of Technology has shown the maximum improvement in most of the rankings as compared to last year".

VIT® UNIVERSITY
(Estd. u/s 3 of UGC Act 1956)
VELLORE ■ CHENNAI
www.vit.ac.in

Policy U-Turn

RBI pushes up interest rates to protect the rupee but tries to sidestep the consequences, risking its credibility by doing so.

By SANJIV SHANKARAN



NISHIKANT GAMRE

About seven weeks before he was to finish his five-year term as the Reserve Bank of India's 22nd governor, D. Subbarao made a hasty trip from Mumbai to New Delhi on July 15.

Subbarao met Finance Minister P.Chidambaram. It was a meeting held against the backdrop of weeks of turmoil in the foreign exchange market as the rupee consistently depreciated against the US dollar, breaching a psychologically crucial barrier of ₹60 in early July.

There seemed no end to the rupee's slide. A couple of days before Subbarao's visit, Raghuram G. Rajan, the finance ministry's Chief Economic Advisor and tipped as a possible successor to the governor, did some loud thinking about another psychological barrier. At a public function, Rajan said that some analysts' forecast that the rupee would dip to ₹70 a dollar was not supported by rigorous analysis. The surprise was that a senior finance ministry official publicly talked about a level that seemed inconceivable even a few months ago.

A few hours after Subbarao's meeting with Chidambaram and after the markets had closed for the day, came a set of moves by the RBI to defend the rupee. A brief press release said the RBI was, overnight, going to upend 18 months of monetary easing. It was a policy reversal which suggested that growth, at a decadal low, was no longer top priority. According to D.K. Srivastava, Chief Policy Advisor, EY, the move indicated that now financial stability was.

The RBI tried to squeeze money supply, or liquidity, and push up the short-term interest rate. The tool used was a cap of ₹75,000 crore on the extent banks could borrow from the RBI to cover a shortfall in funds. The aim was to choke the flow of money raised at low interest in the domestic money market and deploy it in taking positions on the rupee.

"If the central bank decides to press the button (hike interest rates), it should do so in a **more open and transparent way**"

PRATIP CHAUDHURI, Chairman, State Bank of India

How the Cookie Crumbled

Why the RBI was forced to defend the Rupee

With the rupee moving largely in one direction, the RBI seemed to believe this was a low risk opportunity exploited by the financial sector.

Indeed, the rupee's slide – it had closed at ₹54.69 on January 1 – to a level below ₹60 in early July has undone the hard-earned economic gains of a year. The most striking gain was that Chidambaram, by relentlessly focusing on trimming government expenditure, had brought down the fiscal deficit (the excess of expense over income) to 4.9 per cent of gross domestic product (GDP) in 2012/13, outperforming market expectations.

The control over fiscal deficit was complemented by the RBI paring interest rates three times in 2013, as it tried to catalyse an investment revival to boost economic growth that had fallen to a decade's low of five per cent in 2012/13. The performance impressed credit rating agency Fitch enough to upgrade India's outlook from negative to stable.

Now, the rupee's slide threatened it all, defeating the government's attempt to curb fuel subsidies. What started towards the end of May as a global flight of capital from emerging markets on fears that the US monetary stimulus would soon end, shook the Indian economy on account of its vulnerable economic indicators.

India's current account deficit (excess of imports over exports and remittances that needs to be covered by foreign inflows) in 2012/13 was 4.8 per cent of GDP, or $87.8 billion, way above the 2.5 per cent the RBI considers sustainable. To this mix, add the growing market perception that the RBI was not going to defend the rupee, and the result was a slide in the currency that showed no signs of stopping. "I think RBI acted also because there were clearly speculative positions built up offshore," says Naina Lal Kidwai, Group General Manager and Country Head, HSBC India, explaining that positions in derivative markets on the rupee in places such as Dubai and Singapore may have put downward pressure on the currency.

Chief Economic Advisor Rajan said something similar a day after the RBI's move. "Raising the cost of speculating," was his succinct description of what the RBI's move implied. Making speculation costly is one thing. But it is difficult to understand why the RBI would want to make even investment costly at a time of low growth. "It (RBI) was trying to re-anchor the exchange rate," says Renu Kohli, an independent economic consultant, who was earlier a staffer at the RBI and the International Monetary Fund.

Using interest rates to defend the currency is not new. Indonesia and Brazil did so a little before the RBI but India's context is different. Rajan feels growth tends to "paper over" a lot of problems. If growth is undermined, will the economy's fault lines show up more sharply?

Within three days of the July 15 move, the extent to which the RBI had risked its credibility to defend the rupee became apparent.

The RBI wants to raise the cost of short-term interest rates, but keep

MAY 22 — US Federal Reserve Chairman **Ben Bernanke's** testimony to US Congress is interpreted globally as a sign that the country's monetary stimulus will be withdrawn

JUNE 11 — Rupee depreciates **6.6%** against the US dollar after the testimony as FIIs pull out of India

JUNE 16 — Finance Minister **P. Chidambaram** denies there is a sovereign bond issue planned to offset the FII pull-out. Forex market reacts negatively

JULY 8 — RBI tries to curb speculation by restricting banks' use of **forex derivatives**

the long-term rate down in order to encourage investment. The first sign came on July 18. The central bank conducted an open market operation (selling government securities to suck money out of the market) for ₹12,000 crore. Eventually, only ₹2,532 crore of long-term securities were sold as the market refused to settle for lower interest rates. The attempt to nudge up short-term rates had begun to put pressure on long-term rates also.

"Now, the only hope is the monsoon," says Samiran Chakraborty, Managing Director, Regional Head of Research, Standard Chartered Bank. According to Chakraborty, RBI's strategy of using interest rates to defend the rupee had removed the possibility of an investment revival.

As the week drew to a close, the first set of downgrades of growth rates began to trickle in as analysts factored in the negative impact of higher interest rates.

Macquarie marked down its 2013/14 growth forecast from 6.2 per cent to 5.3 per cent. Deutsche Bank, on its part, knocked off a percentage point from its forecast and said it expected the economy to grow five per cent in the current financial year. Prime Minister Manmohan Singh, a former RBI governor himself, tried to soothe markets and explain that July 15 did not mean a reversal of the trend of softening interest rates, but conceded that economic growth might be lower than expected earlier. "We had targeted 6.5 per cent growth at the time the Budget was presented but it looks as if it will be lower than that," Singh said, addressing an industry gathering.

Market expectations, too, began to harden.

On July 23, the RBI was forced to announce another set of measures to choke money supply to defend the rupee. This time the guidelines to measure Cash Reserve Ratio – the amount banks have to keep with the RBI – were tweaked, but the ratio remained unchanged. Once again, the cost of money was raised indirectly. Interest rates, meanwhile, have hardened. The yield on 10-year government paper on July 23 was 8.17 per cent, compared with 7.46 per cent at the end of June.

The RBI's strategy of indirectly nudging rates higher by squeezing money supply came in for criticism from Pratip Chaudhuri, Chairman of State Bank of India, India's largest lender. "If the central bank decides to press the button, it should do it in a more open and transparent way," he told the media.

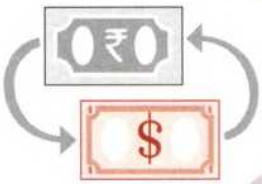
The combined impact of the RBI's measures served to halt the slide in the rupee for the moment. The rupee closed at ₹59.11 against the dollar on July 25, an appreciation from ₹59.89 when the RBI unleashed its liquidity choking measures.

"The general feeling is that the rupee is slated to depreciate even more," is EY advisor Srivastava's gloomy prognosis. "This may not work (and) eventually the rupee will keep sliding," he adds.

When will the RBI roll back its measures? The RBI has chosen to stay silent on the subject. And if the rupee's slide starts once the measures are withdrawn, will the price have been worth it?

India's macroeconomic woes threaten to besmirch the reputation of the one institution that has often provided a sense of hope. ◆

Send your comments to editor.bt@intoday.com



JULY 15 — After market closes, RBI unleashes measures to **restrict money supply** to curtail **punting on the rupee.** Indirectly raising interest rates

JULY 23 — More measures to **choke money supply** announced by **RBI** as it fails to impact the rupee

"We had **targeted 6.5% growth** at the time the Budget was presented but it looks as if it will be lower than that"

MANMOHAN SINGH,
Prime Minister

OMRON

User-friendly Features

- Compatible with both right & left arm measurements
- Compatible with a wide range of arm thickness (from 17 cm to 42 cm circumference)
- LED display and audio voice guide users through the measurement procedure, making measurement easy for new users.
- Audio announcement of results after measurement.
- Antibacterial finishing for both the device and the cuff cover.
- Indication for correct arm position for measurement

Blood Pressure Monitor HBP-9020

- Easy-to-read display and user-friendly features
- In built printer- Customized printing results with image/ logo upload functions
- Equipped with elbow detection sensor and moveable cuff to provide accurate measurements

All for Healthcare

Visit us at www.omron.co.in | Also join us at www.facebook.com/omron.in

Toll Free Customer Care No.: 1800-419-0492 | E-mail: callcentre@ap.omron.com

GONE KAPUT

A number of mega development concepts that were expected to change the face of the nation have either stalled or are going nowhere. By ANILESH S. MAHAJAN and MANU KAUSHIK

Zile Singh regrets the day six years ago when he agreed to sell all the land he owned, some 2.5 acres in Haryana's Gurgaon district, to Reliance Industries Ltd (RIL). Singh, a 65-year-old retired Indian Army havildar, had hoped the sale – for a special economic zone (SEZ) the company planned to set up – would improve the lot of his nine-member family. "We were told the SEZ would provide jobs for my two sons," he says. That never happened, and his family struggles to survive on the ₹20,000 it gets from his pension and one son's temporary job.

Singh wasn't alone in selling his land. About 2,000 other farmers in Gurgaon and thousands more in Jhajjar district, where RIL planned to set up two SEZs spread over 12,500 acres each, also sold their land. They are all repenting now. Why? The company has scrapped plans for the two SEZs citing difficulties in acquiring land – it managed to get less than 10,000 acres. In June, the central government allowed the company to withdraw from the projects. "We sold our land for ₹22 lakh per acre. The rate has shot up since then to about ₹1.5 crore per acre," says Singh. "There's no clarity on when we will get our land back."

RIL joins a clutch of companies shelving their SEZ projects, as problems in land acquisition, a partial rollback of tax incentives and an economic slowdown take the sheen off these mainly-for-export zones. The SEZ policy is one of several mega development concepts that various governments over the past decade and a half launched with much fan-

AL HIGHWAYS DEVELOPMENT PROJECT

ULTRA MEGA POWER PROJECTS

NEW EXPLORATION LICENSING POLICY

IMAGING: ANAND SINHA

fare. The Ultra Mega Power Projects (UMPP), the New Exploration Licensing Policy (NELP), and the National Highways Development Project (NHDP) were all expected to transform the economy by improving generation capacity, oil and gas production, and road connectivity. All these did see some initial success, but are going nowhere now.

No More Special

The government introduced the SEZ Act in 2005 to attract investment, boost exports and match the manu-

Special Economic Zones

576
TOTAL NUMBER OF SEZs APPROVED
Figures as of June 2013

172
NUMBER OF OPERATIONAL SEZs
Source: Ministry of Commerce and Industry

SOME SEZs THAT RAN INTO PROBLEMS

Posco project in Orissa
Posco's 12 million tonne steel plant near Paradip is stalled since 2005 due to problems in land acquisition

Adani SEZ in Gujarat
Adani Group's proposal for an 1,840-hectare SEZ at Mundra was rejected as it failed to acquire a contiguous area of that size

RIL SEZs in Haryana
In June, the Centre allowed Reliance Industries to withdraw from two multi-product SEZs the company had planned to set up in Gurgaon and Jhajjar

New Exploration Licensing Policy

251
NUMBER OF BLOCKS AWARDED IN NINE ROUNDS OF NELP

6
BLOCKS ACTUALLY PRODUCING OIL OR GAS

SOME PROJECTS THAT HAVE GONE AWRY

Krishna-Godavari basin
Output from KG-D6 block never touched the targeted peak of 80 mmscmd and has been falling for three years

Mahanadi basin
Companies including ONGC and RIL are awaiting clearances for eight blocks allotted between 2000 and 2007

Andaman and Nicobar basin
Italy's ENI bagged this basin in NELP's fifth round bidding. It is still awaiting clearances to begin work

facturing prowess of China. Initially, SEZs did attract scores of companies including top business houses such as RIL, Tata group, Essar, DLF and Infosys. This is no longer the case. Commerce ministry data show that of the 576 SEZs which have received formal approval so far, only 172 are operational. There is no data on how many companies have withdrawn their SEZ projects. "The mad rush of companies coupled with a policy flip-flop has led to the complete failure of SEZs," says Nirav Kothary, head of industrial services at real estate consultancy Jones Lang LaSalle India.

The SEZ Act provided tax incentives to developers and units operating in these zones. These sops included no tax on export income for the first five years. In addition, companies get exemptions on sales tax, service tax and import duties. SEZ developers got a jolt in 2011 when the finance ministry levied a minimum alternate tax of 20 per cent on these units and a dividend distribution tax. The withdrawal of tax exemptions has made these projects unattractive, says Pradeep Jain, Chairman of Parsvnath Developers, which scrapped a 100-acre SEZ in Gurgaon in June. Jain says these projects also face problems in getting bank loans. "Banks consider lending to SEZs as commercial real estate lending," he adds.

Critics say SEZs have hurt farmers' interest. "Millions of farmers are out of jobs," says Krishan Bir Chaudhary, President of Bharat Krishak Samaj, the country's largest farmer organisation. But commerce ministry officials defend the SEZ policy. According to ministry data, SEZs employ more than a million people and have attracted investments of ₹2.6 trillion so far. (One trillion equals 100,000 crore.) Exports from SEZs jumped to ₹4.76 trillion in 2012/13 from ₹22,840 crore in 2005/06. "Despite the issues faced by SEZs, they are still the best bet for people who want to set up export units," a senior ministry official says. "The ministry is trying to address the problems."

Off the Grid

Around the time the commerce ministry was preparing the SEZ policy, the power ministry was giving finishing touches to the UMPP initiative. The aim was to set up coal-fired projects with a capacity of 4,000 megawatt each. To avoid delays developers face in getting approvals, the policy envisaged that state-run Power Finance Corporation would do the legwork and then transfer the project to selected bidders. Overall, 16 projects were identified. Only four have been awarded so far. Only one – Tata Power's Mundra project in Gujarat – has started commercial generation. Even this plant is running far below capacity because Tata Power wants compensation for higher fuel costs.

Anil Ambani's Reliance Power won three UMPPs. The company expects to commission the Sasan plant in Madhya Pradesh soon. But it hasn't made much headway with the other two projects in Andhra Pradesh and Jharkhand for reasons ranging from expensive imported coal to lack of forest clearances.

The power ministry is now changing the bidding rules for the forthcoming UMPPs. The ministry is looking at issues related to imported coal – passing on any rise in fuel prices to consumers – and the tenure of the contracts. The policy could also

Overcome Negative Sentiments: PM

Speaking at the 92nd ASSOCHAM Annual Event with the theme Vision of Securing Sustainable Growth, the Prime Minister asks stakeholders to stay the course

Prime Minister Dr Manmohan Singh has asked captains of the industry to shun negative sentiments and assured them that his government will not leave any stone unturned to ensure that the economy rebounds.

"I appeal to each one of you not to be overcome by negative sentiments. We should stay the course..." he said while inaugurating 92nd Annual Session of The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

He said while the economic growth this year is likely to be lower than 6.5 per cent target set at the time of budget, "What is important is that the economy should turn around from five per cent last year. There is a very good chance that we can achieve that with good agriculture performance and the effect of various actions that we are taking on infrastructure," said Dr. Singh.

Referring to the recent liberalisation in foreign direct investment (FDI), the Prime Minister said, "More FDI reforms are on the anvil."

Allaying concerns over interest rates, the Prime Minister said the recent steps taken by the Reserve Bank of India (RBI) on the rupee front were to stabilise the market expectations. These steps are not meant to signal an increase in the long term interest rates. They are designed to contain speculative pressure on the currency. Once these short-term pressures have been contained, as I expect they will be, the RBI can even consider reversing these pressures," he said.

The Prime Minister also said that while Indian economy is going through difficult times, his government is committed to bringing the current account deficit under control by addressing both demand and supply side problems. While on the demand side measures have been taken to contain gold imports. The government will continue adjusting prices of petroleum products "to progressively eliminate under recoveries."

He said the government will use all policy instruments-fiscal, monetary and supply side interventions to ensure that the Current Account Deficit (CAD) declines further overtime. It is expected that CAD in the current fiscal will be much lower than 4.7 per cent recorded last year.

Hon'ble Prime Minister Dr. Manmohan Singh and Mr. Rana Kapoor - President, ASSOCHAM at the 92nd ASSOCHAM Annual Event in Delhi

Listing various recent steps taken by the government to revive the investor confidence the Prime Minister said several initiatives are being pursued to boost infrastructure. These include setting up of major ports in Andhra Pradesh and West Bengal, new airports in Navi Mumbai, Juhu, Goa, Pune and Kannur. Small airports are being built at other 50 locations as well.

The Prime Minister said that while the economy has slowed down recently, the average growth rate in the eight years of the UPA government from 2004-05 to 2012-13 was 8.2 per cent, much better than 5.7 per cent reached in the previous eight years.

ASSOCHAM New Office Bearers

Mr. Rana Kapoor
President

Mr. Sunil Kanoria
Sr. Vice President

Mr. Sandeep Jajodia
Vice President

Securing Sustainable Growth for India

Rana Kapoor, ASSOCHAM New President Moots Five Point Agenda

joing ASSOCHAM President Rajkumar Dhoot, MP & Mr. Rana Kapoor - President, OCHAM welcoming Hon'ble Prime Minister Dr. Manmohan Singh at the 92nd ASSOCHAM Annual Event in Delhi

A concerted approach by ASSOCHAM in partnership with the Government and the industry to drive economic transformation in India, while also addressing the adjacent issues of Livelihood, Energy, Ecological and National Security.

Economic Security: Improving the business and investor confidence to capitalize on India's growth potential by creating a stable investment climate through continued focus on implementing reforms such as GST, DTC and FDI.

Livelihood Security: Broad-basing and diversifying the benefits of economic growth by focusing on core Agriculture, Manufacturing and Tourism sectors, to help provide basic livelihood facilities such as education, food, health and employment to all citizens of India.

Energy Security: Progressively achieve "Energy Self Sufficiency" that boosts economic growth and positions India as an attractive investment destination.

Ecological Security: Achieving sustainable economic growth path through socially and environmentally responsible corporate strategies through reforms such as Companies Bill.

National Security: Indigenization of defence manufacturing.

"ASSOCHAM has over the years, provided valuable inputs from time

look at allowing developers to seek tariff relief for currency volatility given that the rupee has lost half its value against the US dollar in the past six years. "The new bidding policy should take care of this," says former power secretary Anil Razdan. He also feels the UMPP contracts should be for 10 years instead of 25 years currently to minimise legal hassles.

Slipping Away

Power is the not only energy sector in darkness. The oil and gas sector hasn't done any better.

The NELP was launched in 1998 to reduce imports of oil and gas by raising local output. India imports nearly 80 per cent of its crude oil, and the NELP aimed to attract foreign players and private-sector companies in the exploration sector by providing them incentives. But policy uncertainty and delays in approvals have put off investors. Finance ministry data show investment in NELP blocks fell to $1.8 billion in 2011/12 from $6 billion in 2007/08.

The government has allocated 251 blocks in nine auction rounds so far. Of these, 110 blocks have reported discoveries. But, only six are producing, petroleum ministry data show. Many blocks have yet to get approvals from various ministries. "The left hand of the government does not know what the right hand is doing," says a former petroleum minister requesting anonymity. Vandana Hari, Asia editorial director at global energy information provider Platts, says India needs to fix the NELP. "The blocks should be cleared by all wings before allocation."

One of the most promising areas for hydrocarbon exploration in the country is the Krishna Godavari (KG) basin, off the east coast. RIL, Oil and Natural Gas Corp, and Gujarat State Petroleum Corporation are among the companies which have struck oil and gas there. Gas reserves in the basin were initially estimated to be as much as 35 trillion cubic feet (tcf), which can meet global demand for 11 years. The Directorate General of Hydrocarbons, the upstream regulator, now estimates the potential to be about six tcf.

In the KG basin, only RIL and its partners BP Plc and Canada's Niko Resources have started production from their D6 block. Even this block has been in the news for all the wrong reasons. The block's potential gas reserves have been lowered to 3.2 tcf from the initial estimate of 11.3 tcf, according to a regulatory filing by Niko in Canada. Production was targeted to touch a peak of 80 million metric standard cubic meters of gas per day. Output never reached that level and has been falling for three years. RIL has been accused also of exaggerating its capital expenditure. The oil ministry has rejected the additional costs, and the two sides are seeking arbitration to resolve the dispute.

An RIL executive, who does not wish to be named, says the NELP originally gave the operators marketing rights and freedom to price the gas, but the government later changed the rules. "This flip-flop has resulted in putting Indian oil and gas exploration on the backfoot," says Ashu Sagar, Director General of the Association of Oil and Gas operators, an industry group. "No foreign player bid in the last round of the NELP because of the poor regime." Sagar suggests the government scrap the NELP, wherein it allots blocks, and

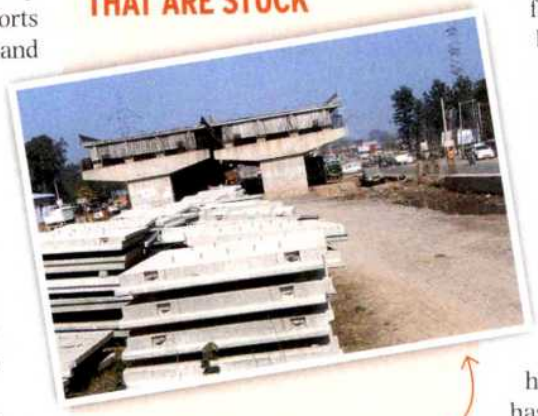
National Highways Development Project

50,621 km
NHAI'S TARGET OF AWARDING ROAD PROJECTS DURING 2008/13

16,690 km
TOTAL PROJECTS AWARDED BY NHAI DURING 2008/13

Source: ICRA

SOME ROAD PROJECTS THAT ARE STUCK



Panipat-Jalandhar project
The 2,91.1-km project of Soma Isolux is stalled due to various reasons including land acquisition problems and delays in design approvals from Indian Railways

Kishangarh-Udaipur-Ahmedabad highway project
GMR pulled out of the 555-km project last December citing delays in environmental approvals. The road got clearances in January but GMR said it will restart work only if NHAI cuts annual premium charges

Shivpuri-Dewas Expressway
GVK Power and Infrastructure walked out of the 330-km project in January this year

For previous stories on infrastructure, go to
www.businesstoday.in/august-1813

Ultra Mega Power Projects

16
UMPPs PLANNED

4
UMPPs AWARDED

SOME POWER PROJECTS FACING PROBLEMS

Reliance Power's Krishnapatanam project
The company is unwilling to work on the project unless it can renegotiate a higher tariff with buyers of electricity

Reliance Power's Tilaiya plant
Work on the project has stalled due to delays in environmental clearances

Tata Power's Mundra plant
The 4,000-MW plant is running far below capacity as Tata Power wants compensation for higher fuel costs

allow companies to themselves carve out areas they want to explore. This would give companies more flexibility in choosing the assets, he says.

Full of Potholes

In 2000, the then prime minister Atal Bihari Vajpayee launched the NHDP to improve the country's woeful transport infrastructure. Initially, projects were awarded to private players on engineering, procurement and construction contracts. By 2005, almost all projects were awarded through the build, operate and transfer system in which developers invest in projects and earn returns in the form of annuity or toll collection. From 2009, developers started offering a premium to the government in the form of an annual payment. In 2010/11, almost 40 per cent projects were awarded on a premium basis as against 25 per cent in 2008/09.

Hemant Kanoria, Chairman and Managing Director of SREI Infrastructure Finance, says companies are now facing problems in executing those projects because they went overboard in the past three years. According to the National Highways Authority of India (NHAI), 38 projects awarded in recent years with a combined length of 4,600 kilometers have not been able to begin work due to the inability of developers to arrange funding, delays in land acquisition and environment clearances. Some other projects, such as the Gurgaon-Jaipur, Nellore-Chilkaluripet, and Panipat-Jalandhar highways, are stalled midway.

Some have already bailed out. GMR Infrastructure and GVK Power and Infrastructure have terminated their contracts with NHAI. Larsen & Toubro, IVRCL Infrastructure, Gayatri Projects and Gammon Infrastructure are reportedly keen on selling some assets. G. Suresh, General Manager (Finance) at NHAI, says 50 completed projects totaling 5,000 km are up for sale as developers are no longer interested in operating them. Revati Kasture, head of research at Care Ratings, says developers stayed away from the bidding process in 2012/13 because banks are wary of lending to road projects. Suresh says NHAI has, through the finance ministry, asked banks to relax rules for developers with strong background. But he says NHAI cannot be blamed for delays in land acquisition as land comes under the jurisdiction of states.

Project delays, costs overruns and slower-than-estimated traffic growth have begun to affect investment returns. According to ratings firm CRISIL, developers earned an average equity return of 22 per cent on projects awarded before 2009. The returns on newer projects are likely to be about 14 per cent. "Revenue projections of developers have gone haywire," says Suresh.

What should the government do in such a scenario? Amitabh Mundhra, Director at Simplex Infrastructures, suggests the government should review the public-private partnership model in the road sector. A policy review is required not just for the road sector, but also for SEZs, power, and oil and gas exploration. The government must expedite clearances, cut red tape, and resolve problems related to land acquisition.

"The government is taking some decisions to attract foreign investment and put the economy on the right track," says Naina Lal Kidwai, President of the lobby group Federation of Indian Chambers of Commerce and Industry. "But what needs to be seen is how it implements those decisions." ◆

Send your comments to editor.bt@intoday.com

WAITING FOR THE ECHO

Interview:
RONNIE SCREWVALA
Managing Director
DISNEY UTV
pg 58

RONNIE SCREWVALA UNDERSTANDS THE MAGIC AS WELL AS THE REALITY OF CINEMA. IN BED WITH DISNEY, CAN HE CAST A SPELL IN TELEVISION?

By AJITA SHASHIDHAR

It was St Valentine's Day. The year was 2008. Ronnie Screwvala was on tenterhooks.

It was not the kind of anxiety some men, with certain intentions, experience on the day. It was the premiere of *Jodhaa Akbar*, co-produced by Screwvala's UTV Motion Pictures with director Ashutosh Gowariker. It had cost ₹50 crore to make and was UTV's most expensive project yet.

The same day he had spent four hours in a conference room at UTV's broadcast arm's head office in New Delhi at that time, watching a presentation on the company's two movie channels slated to go on air a week later.

As his team went through the slides on the two channels, UTV Movies and UTV World Movies, Screwvala's eyes stayed glued to his phone. But every time the team thought he might not be paying attention, he would ask a question that would make them think again.

Two days later, Screwvala sprang a bigger surprise on his team. On a hurriedly convened conference call, he said Walt Disney Company was going to more than double its equity holding to 32 per cent in UTV Software Communications, the group's motion pictures, gaming and television content arm. The United States-based entertainment behemoth would also acquire 15 per cent in UTV Global Broadcasting, which, as the name suggests, was the company that owned the television channels.

"During the presentation on the new channels, Ronnie was actually giving final touches to the deal. So he was doing three things at a time: listening to us, coordinating for *Jodhaa Akbar*'s premiere, and sealing the Disney deal," recalls Pankaj Krishna, CEO, Chrome Media, a data analytics and media research agency, who was then the business head for the two channels.

BIG PICTURE

₹900cr
Disney UTV Studios

₹800cr
Disney UTV Media Networks

₹150cr
Disney UTV Digital

₹150cr
Disney UTV Consumer Products

Figures are revenues for 2012/13, Source: Industry

MOVIE TOP DOG

A number of UTV releases in the last three years have been blockbust

2011

Delhi Belly

Budget	₹20 cr
M&A* Cost	₹11 cr
Box Office	₹71 cr
Other Revenue	₹19 cr

2011

7 Khoon Maaf

Budget	₹15 cr
M&A Cost	₹7 cr
Box Office	₹20 cr
Other Revenue	₹11 cr

2011

No One Killed

Budget	₹9 cr
M&A Cost	₹4 cr
Box Office	₹33 cr
Other Revenue	₹14 c

*Marketing & Adverti

Screwvala attributes his multitasking skills to his dalliance with theatre 35 years ago. "To be in front of a live audience requires confidence and improvisation. You may have a scripted line, but, unlike in the movies or anywhere else, you have nothing other than the rehearsals [to fall back on]. You can't stop and bring down the curtains and say you have forgotten your lines."

Almost four years after that whirr of activity, Screwvala raised the curtains on a new career in December 2011. He sold all his equity in the UTV companies to Disney and became an employee of Disney UTV, the merged entity, though richer by ₹2,000 crore from the deal and designated managing director. Those who knew him – or thought they did – as a driven entrepreneur still cannot digest the transformation.

"UPLIFTING, FAMILY ENTERTAINMENT WILL BE THE BROAD FRAMEWORK"

SIDDHARTH ROY KAPUR
MD, STUDIO, DISNEY UTV

PHOTOGRAPHS BY NISHIKANT GAMRE

Screwvala has something more difficult to swallow. He has yet to wipe off the trace of that Valentine's Day five years ago. *Jodhaa Akbar* earned ₹95 crore at the box office to become the highest grosser of the year, but the two television channels launched a week later fared very differently. UTV Movies has never risen above number four in its genre and its advertising rates are less than a third of what rivals Star Gold and Set Max command. UTV World Movies has no rival, but not too many takers either.

Today Disney UTV is king of the Bollywood box office. It produced five of the 10 Hindi movies that have hit the jackpot this year. Its television business, though, has continued on the journey started five years ago without getting too far.

A Yen for the Movies

Screwvala's knack for all things movies was in evidence as far back as 2006. His old faithful Siddharth Roy Kapur, who has also stayed on with the merged entity and heads its movies business, recalls the film *Khosla Ka Ghosla* coming their way because no production house would touch it. A simple tale of a family losing a plot of land and reclaiming it through some earthy ingenuity, it did not excite the Bollywood minds fed on glitzier, spicier stuff. It did not help that Dibakar Banerjee, who had directed the film, was a nobody from Delhi and had no connections in Mumbai.

"By the time the film came to us the print was full of scratches and seemed ancient. But the moment Ronnie saw it he was excited. And his belief was that if all of us were excited by the film so would be the audience," says Roy Kapur.

UTV spent ₹2 crore on marketing the film, which had been made at a cost of just ₹3 crore. The film went on to earn more than ₹10 crore at the box office.

"That was the first instance in which UTV displayed its marketing prowess," says Roy Kapur.

With the passage of time, that prowess has only grown. In the last six months, *Kai Po Che!*, *Yeh Jawaani Hai Deewani* and *ABCD* – all UTV releases – have brought in 42 per cent of all box office money earned by Hindi movies. *Yeh Jawaani Hai Deewani*, co-produced with

IFFCO-TOKIO
GENERAL INSURANCE
Muskurate Raho

ravel Protector

august communications

ne joy of travelling to your dreams.

KHUSHIYON KA BIMA

travel, your baggage should not contain worries. So, with our Overseas Travel Insurance 'Travel Protector' policy, we ensure that your dream tination stays exactly the way it is in your dreams.

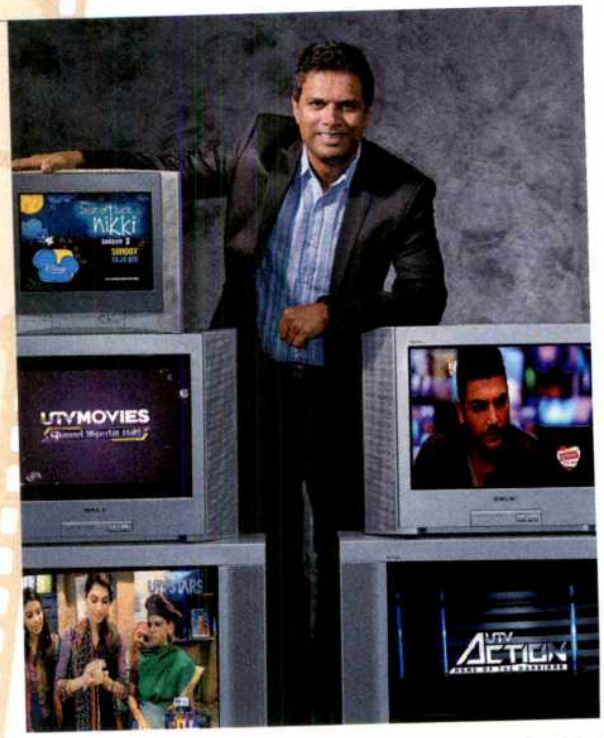
vantages:

y online, on the spot policy issuance | Insuring your travel for health, accident, baggage etc. at your destination | Most competitive premium | hless claims and hassle-free settlement with hospitals at travel destination

Other Products: Home & Family Protector | Auto Protector | Industry Protector | Office Protector | Trade Protector | Medishield

Free: 1800 103 5499 | Call us: 0124 4285499 | SMS 'CLAIM' to 56161 | www.iffcotokio.co.in

ow us on: facebook.com/iffcotokio YouTube youtube.com/iffcotokio



"OUR RATINGS HAVE INCREASED SUBSTANTIALLY AS OUR REACH INCREASED"

M.K. ANAND MD, MEDIA NETWORKS, DISNEY UTV

2012

Ek Main Aur Ekk Tu

Budget	₹25 cr
M&A Cost	None
Box Office	**₹74 cr**
Other Revenue	**₹20 cr**

2012

Tere Naal Love Ho Gaya

Budget	₹10 cr
M&A Cost	None
Box Office	**₹30 cr**
Other Revenue	**₹8 cr**

2012

Paan Singh Tomar

Budget	₹7 cr
M&A Cost	₹3 cr
Box Office	**₹18 cr**
Other Revenue	**₹6 cr**

2012

Rowdy Rathore

Budget	₹55 cr
M&A Cost	₹10 cr
Box Office	**₹167 cr**
Other Revenue	**₹40 cr**

2012

Barfi!

Budget	₹30 cr
M&A Cost	₹12 cr
Box Office	**₹166 cr**
Other Revenue	**₹30 cr**

(Where M&A cost is shown as "none" it was borne by co-producing agency. Source: Industry)

Karan Johar's Dharma Productions at a cost of ₹50 crore, went on to make ₹189 crore. *Kai Po Che!* was an even bigger delight to the bean counters. It yielded a nearly 6x return (cost of production: ₹12 crore, box office revenue: ₹70 crore).

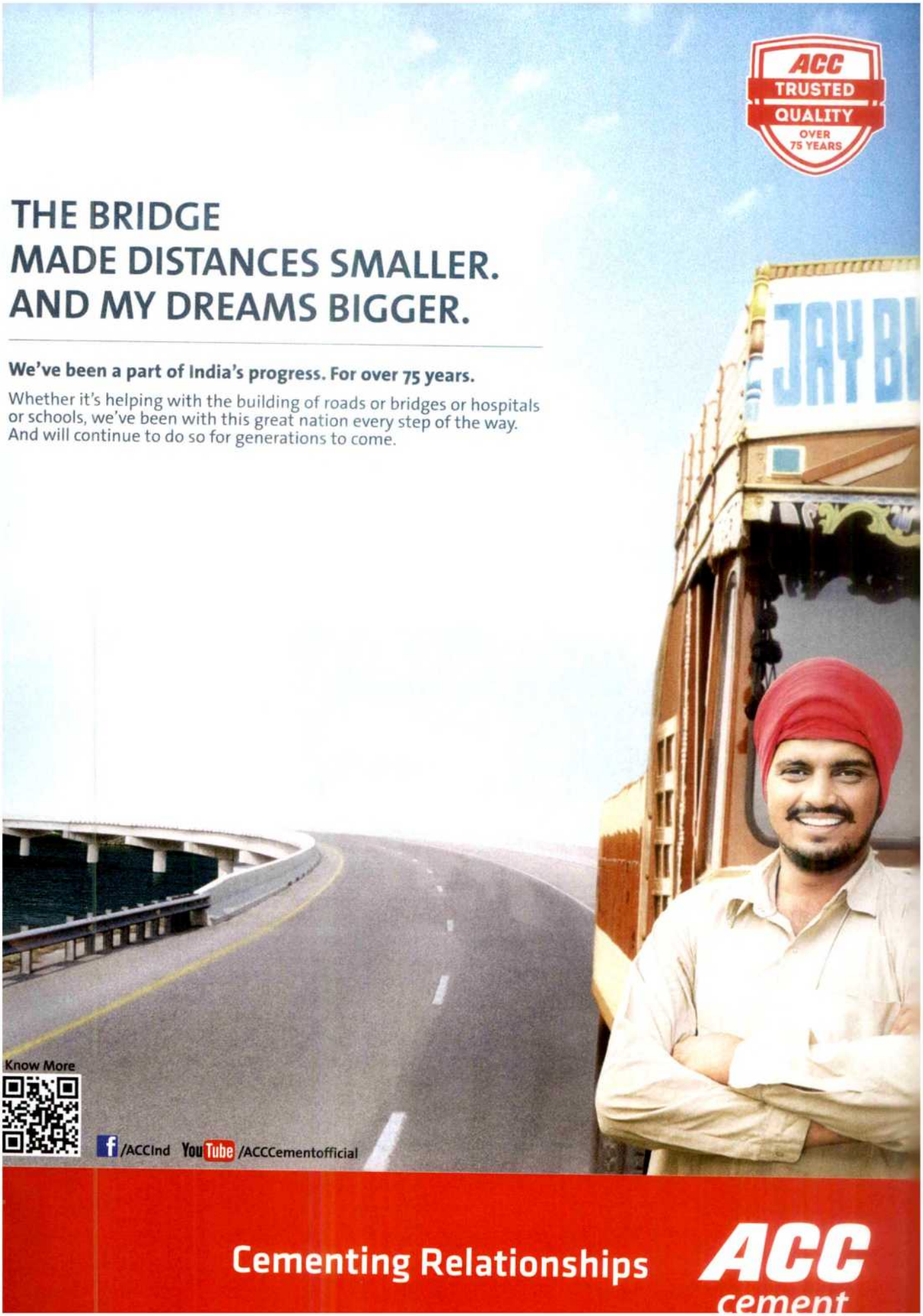
Earlier, *Barfi!*, made at a cost of ₹30 crore, raked in ₹166 crore, just a whisker behind stablemate *Rowdy Rathore*, which brought in a crore more, but had cost ₹55 crore to produce.

Johar, the man about tinseltown, who also worked with UTV to produce *Wake Up Sid* and *I Hate Luv Storys*, says Screwvala is part of a rare breed that understands the magic as well as the economics of filmmaking. "He is instinctive and his assessment is usually bang-on." Johar refers to the ease with which Screwvala and his team made a Bollywood potboiler like *Rowdy Rathore* as well as sensitive tales like *Kai Po Che!* and *Paan Singh Tomar*.

It is not that UTV has hit the bullseye each time. In the last 12 months, *Himmatwala* and *Joker* were the joke of the town for the gap between the hoopla and the moolah they generated. *Joker*, made at a cost of ₹40 crore, did not even recover its cost at the box office. However, good-old de-risking pushed it comfortably over the line by garnering ₹20 crore in satellite, television and music rights. But no one could help *Himmatwala*. Hindi for the man of courage.

The Elusive TV

Screwvala did not start out with movies. He entered the broadcast industry in 1990 hawking content. He made *Saanp Seedi* for Zee TV, based on the popular board game snakes and ladders, which lays claim to being the country' first reality show. He entered the world of soap op-


ACC
TRUSTED
QUALITY
OVER
75 YEARS
THE BRIDGE
MADE DISTANCES SMALLER.
AND MY DREAMS BIGGER.
We've been a part of India's progress. For over 75 years.
Whether it's helping with the building of roads or bridges or hospitals or schools, we've been with this great nation every step of the way. And will continue to do so for generations to come.
Know More
/ACCInd
YouTube /ACCCementofficial
Cementing Relationships
ACC
cement

"We look to localise our businesses all around the world"

ANDY BIRD, *Chairman, Walt Disney International, discusses his company's India plans with* **AJITA SHASHIDHAR** *in an email interview:*

How different is Walt Disney India from your other businesses across the world?

Our goal is to create an "Indian Walt Disney Company", ensuring that each business and brand is locally relevant and reflects the local consumer's habits and tastes, while maintaining the core values of the company that remain the same around the world.

Most global media companies have not localised their business and mostly look at exporting US content. Do you really have a strong priority to localise? So far, apart from your acquisition of UTV, there are few signs of it.

We look to localise our businesses all around the world. If you travel to Japan, for example, you will see a range of businesses designed specifically for that market, including Disney Mobile – a mobile phone service that is unique to Japan. In China, we have Disney English, an English language learning business that is unique to China. We tailor our consumer products, TV and digital businesses to each market.

We are doing the same in India and the acquisition of UTV was part of the strategy. UTV is now one of the brands of The Walt Disney Company, India, along with Disney, Marvel, Bindass, Hungama and Star Wars, so we have a range of very locally relevant businesses and brands in our portfolio.

Without a general entertainment channel in your broadcast bouquet you are viewed as a niche player. Don't you miss out on the Hindi entertainment space?

Unlike most media companies in India, we have a diversified set of businesses that range from movies and TV, to mobile gaming, consumer products and beyond. What is unique, particularly with the Disney brand, is the ability for consumers to experience it across many businesses. So a consumer can watch Disney Channel, buy Disney consumer products, watch a Disney movie, even go to Hong Kong Disneyland.

eras in 1994 with *Shanti*, starring a more fetching Mandira Bedi wearing designer bindis. But it was not the usual prime time warrior. *Shanti* helped open up the afternoon hours for soaps.

He started his own channel in 1995, but again with a difference: TSN was India's first home shopping channel. It did not get much purchase and was making annual losses of ₹100 crore in 2001 when Screwvala decided to shut it down. "TSN was ahead of its time," he says. "The consumer wasn't ready for it. She wanted to touch and

These options give us greater breadth than just TV and so there's no need for us to get into the GEC (general entertainment channel)space.

What is your vision for some of the verticals, such as Consumer Products and New Media/ Digital?

The ability of consumers to experience Disney across many businesses is very important. Clearly, as retail develops in India, we will have more and more opportunities to build our consumer products business. Similarly, as 4G enters the market, there is going to be a revolution in terms on how consumers access media and games and that gives us a great opportunity to build on the success of Indiagames. We will continue to envelope our TV channels and movie studio and look to see if we can bring new businesses to India, like Live Entertainment.

Your association with UTV and Ronnie Screwvala dates back to 2006, when you bought Hungama. Can you tell us what you saw in the company that you bought it?

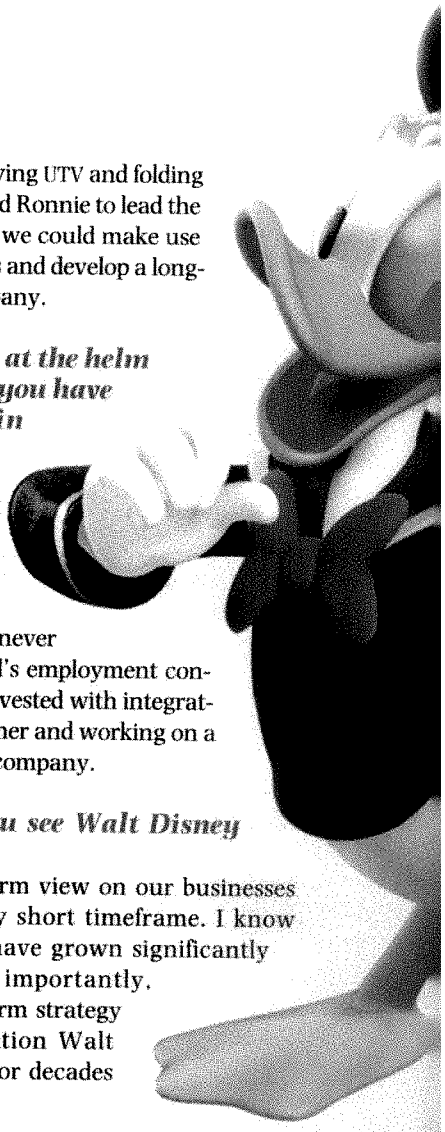
I am a great believer in people building success and with UTV and Ronnie, I saw an entrepreneur and team that had built success quite rapidly. Hungama is a great example of how they looked at the market and took on and beat a well-established competitor in Cartoon Network in a relatively short period of time. In our efforts to build a more locally relevant company in India, I felt the acquisition of Hungama was a good start. Over time, I felt that we needed to build scale in India and there was no better way of doing that than buying UTV and folding it into TWDC India. I wanted Ronnie to lead the new organisation, so that we could make use of his entrepreneurial skills and develop a long-term strategy for the company.

Do you see Screwvala at the helm of Disney India or do you have a succession plan in place?

Once Ronnie had decided to sell UTV to us, it was natural that he'd be our Managing Director and we could benefit from his vision and leadership. We never comment on an individual's employment contract, but Ronnie is fully invested with integrating all the businesses together and working on a long-term strategy for the company.

Finally, where do you see Walt Disney India in three years?

We never take a short-term view on our businesses and three years is a very short timeframe. I know that each business will have grown significantly in that time, but more importantly, we will have set a long-term strategy in motion that will position Walt Disney India for success for decades to come.



feel the products. The credit card penetration was also low at that time."

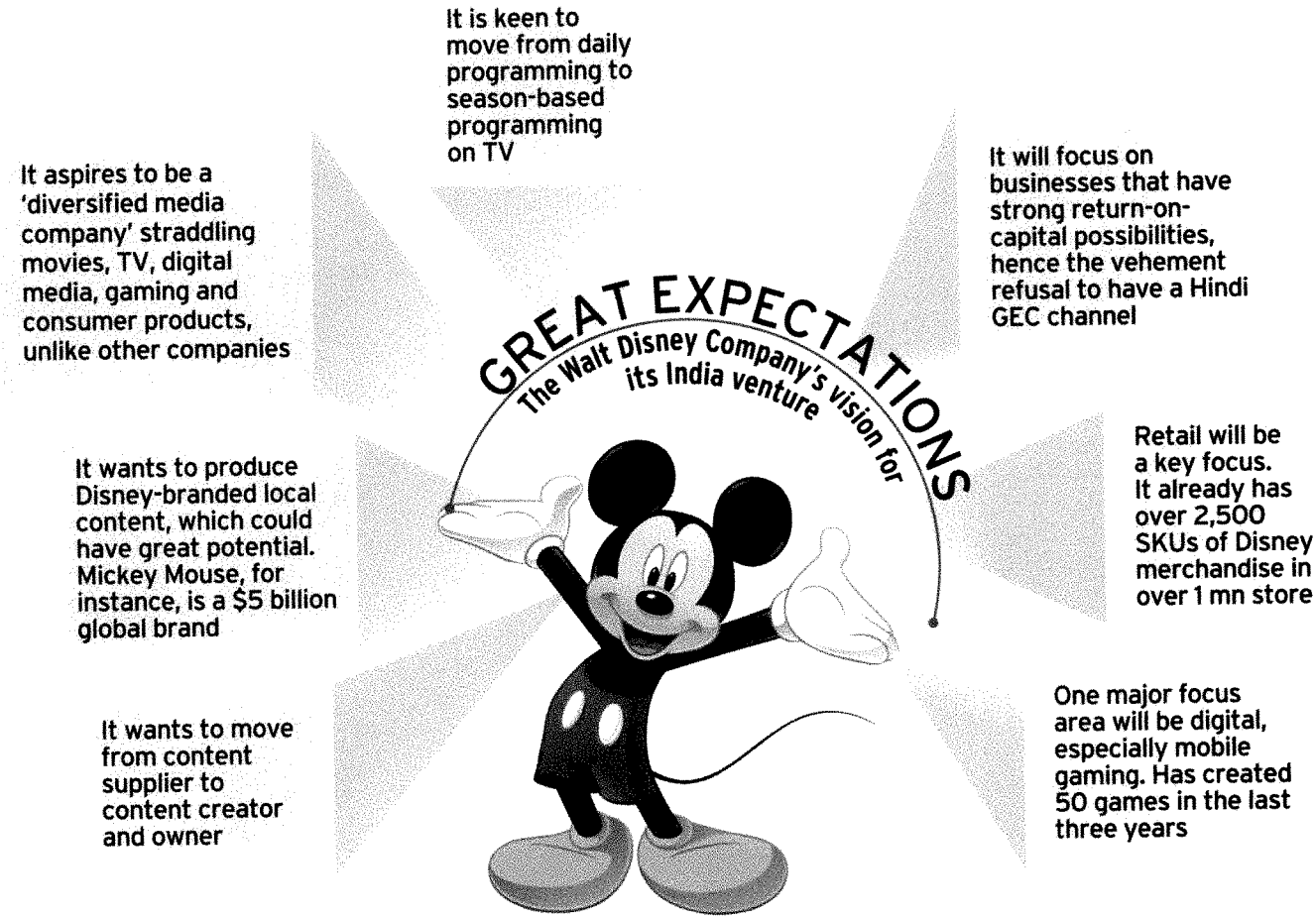
His second shot at broadcasting came when TSN was still on air. In 1998, Screwvala acquired Vijay TV, a Tamil channel from Vijay Mallya's United Breweries. Later he made it a joint venture with Star India and the channel managed to garner 12 per cent of the Tamil general entertainment market. But he exited it in 2004. "I exited Vijay because it needed huge investments and we didn't have that kind of scale."

Movies happened alongside. The first was *Dil Ke Jharoke Mein*, which Screwvala produced way back in 1997 – it is a film few would remember now. Taking a break from production, he distributed *Major Saab*, starring Amitabh Bachchan, in 1998 in a few territories and hit the jackpot with Aamir Khan's Oscar-nominee *Lagaan* in 2001. Riding on the impetus, he got into co-productions and made *Chalte Chalte* with Shah Rukh Khan's Red Chillies Entertainments and *Swades*, another Khan-starrer, with Gowariker.

It was time to put an end to the ginger steps. Screwvala took the plunge and moved to the studio model with *Rang De Basanti* in 2006, taking care of everything from content creation to marketing and distribution. Winning commercial as well as critical acclaim, the film set him on a path that has brought him to his current hegemony over the box office.

But, somewhere along the way, television was left behind.

There was Hungama, a channel for children Screwvala started in 2004. It became number one in its segment before Disney bought it in 2006. More than the $30.5 million the deal brought in, it started UTV's relationship with Disney. And this is what Screwvala is bank-



ing on to extend his purple patch into television.

He will need a generous dash of that colour. Looking at it one way, he has done everything right in television, while sticking to his theme of doing things differently and leveraging his film content. Bindass was the country's first youth-centric entertainment channel, targeting the 15-24 age group. It had just a couple of hours of original programming and that too only during the weekends. The rest was film and music content, which needs to be paid for just once. A regular entertainment channel, on the other hand, has at least four to five hours of original programming, which has recurring costs.

In a country with half its mammoth population below the age of 25, it could have been a masterstroke to focus on the youth. But the analogue distribution system tripped up Screwvala. Carriage fees were as high as ₹30 crore a year. Penetration was difficult. Thing are looking better with growing digitisation and Bindass's reach has risen from 66 per cent of the total television viewing homes to 82 per cent, according to channel tracking firm Chrome Track, Chrome Data Analytics and Media. "Digitisation has been a shot in the arm. Our ratings have increased substantially as our reach increased," says M.K. Anand, MD, Media Networks, Disney UTV.

The broadcast arm has recently picked up a 26 per cent stake in IndiaCast, the distribution arm of Viacom 18, which distributes over 35 channels. This, claims Anand, has given him much-needed might to negotiate with cable operators.

It may take a little more than browbeating cable operators to turn things around. There are five UTV channels in the fold. Of them, the two Hindi movie channels (UTV Movies and UTV Action) together get gross rating points (GRP, the most widely accepted measure of viewership) of 76. Segment leader Set Max alone gets more than twice as much. Bindass is doing well with 50 GRPs, but is behind youth segment leader Channel V. UTV Stars, in the same segment, has to make do with just 14 GRPs.

The four Disney channels – Disney, Disney XD, Disney Junior and Hungama – provide succour, together pooling in 327 GRPs. The flagship Disney Channel, which had a 69 per cent reach before digitisation, now has a 77 per cent. It leads the children's segment along with Pogo – the two are neck and neck.

EPSON
EXCEED YOUR VIS

6,000 Prints for ₹699/-

OFFICE PRINTING WILL NEVER BE THE SAME AGAIN.

Convenient 140ml refill ink bottle @ ₹699/-

Revolutionary
Epson M Series B&W Ink Tank Printers

Loaded with advantages for smart offices and powered by Micro Piezo™ technology, the innovative Epson M Series saves cost, power and time, giving you more than any Mono Laser or Inkjet Printer ever can!

THE 12 PAISE OFFICE PRINTING CHALLENGE

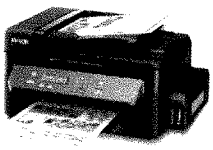
Your Mono Laser/Inkjet vs. The Epson M Series

SEE THE DIFFERENCE!	Epson M100	Leading Mono Laser Printer Brand	Other Mono Inkjet Printer Brand
Cost Per Print	**₹0.12** (140ml ink bottle)	₹2 (original toner) ₹0.40 (cheap refill toner)	₹0.62 (ink cartridge)
Initial Page Yield	**8,000 pages***	1,500 pages	700 pages
Prints Per Refill	**6,000** (140ml ink bottle)	1,500 (original toner)	1,600 (ink cartridge)
Draft Speed	**34ppm**	16ppm	34ppm
Power Consumption	**12W**	360W	23W
Print Resolution	**1,440x720dpi**	1,200x600dpi	1,200x600dpi
Networking	**Built-in Ethernet**	No	Built-in Ethernet

*from the starter kit that includes the 140ml ink bottle + an extra 70ml ink bottle

EPSON **M Series**

PRINT
EPSON M100
MRP: ₹9,999



PRINT | COPY | SCAN
EPSON M200
MRP: ₹13,999

NTACT
SON TODAY!

Also available - the EPSON L SERIES Ink Tank Printers for Home & Office.

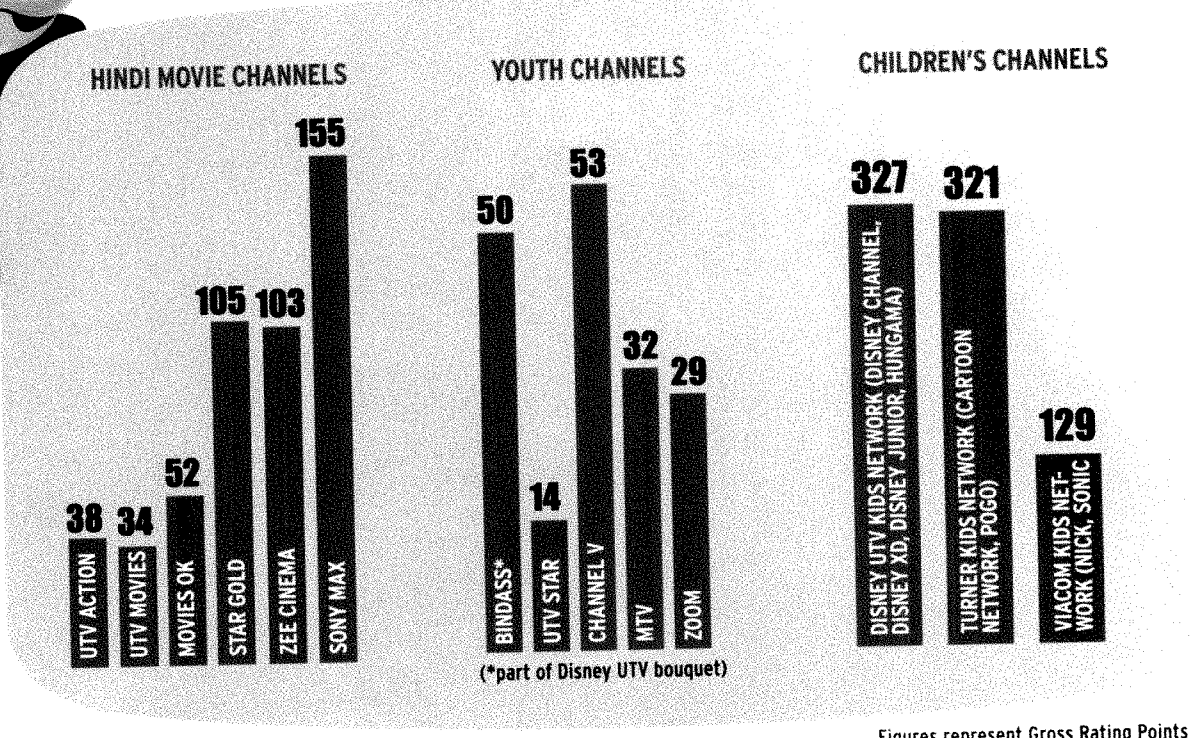
Clean

EPSON SERVICE

Epson Helpline: For product info, service or to order a refill bottle -1800 425 0011
For service -1860 3000 1600 (9AM - 6PM) (Mon - Sat)
Email: think@eid.epson.co.in

TELEVISION UNDERDOG

How Disney UTV channels have been faring against the competition



Source: Industry

Figures represent Gross Rating Points

26% DISNEY UTV'S STAKE IN INDIACAST, WHICH DISTRIBUTES OVER 35 CHANNELS

The Professional

In his new avatar as the Disney UTV MD, Screwvala wants to approach the business the old way: differently. He won't touch the general entertainment segment, something he has avoided all his career. Screwvala's plan is to take forward the Walt Disney ethos of creating intellectual properties and building franchises. But that could be a risk in India, where the concept is still alien.

He will continue to create content for television, but only for his own channels. That will keep the intellectual property in-house. Unlike in the West, where the content producer owns the intellectual property of the content, the ownership in India is with the broadcaster. This limits the content producer's scope for monetising his content on other platforms.

Screwvala also wants to move to season-based programming, a popular concept in mature markets where shows appear for a just a season of 13 to 24 episodes, once a week for half an hour to an hour.

In India, of course, they appear five days a week, all year, every year, until nobody watches them anymore. The season approach helps in focusing resources better, since the money does not have to be stretched to cover 250 episodes a year, nor does the script.

"The psychology of making daily soap operas is that when you get something right the last thing you want to do is take it off the air. You tend to carry on. The exhaustion level sets in and in any case you are killing it. If you give it a break of three months and start again, you bring freshness into the content and that could work better," says Screwvala. He cites the example of the popular US sitcom *Friends*, which ran for 10 seasons for

King of office chairs.
Design of the decade.

'One of the 12 best designs of the past 100 years'.

The Herman Miller Aeron chair has collected more accolades than any other in its category. Its imaginative design, fast-forward ergonomics and distinctive looks redefined the work chair. Aeron adapts naturally to virtually every body, and keeps you cool and focused. Visit our website today to find your nearest Herman Miller dealer.

erman Miller Furniture (India) Pvt Ltd

afina Towers Pvt Ltd,
o. 3, 5th Floor, Ali Asker Road,
angalore. 560 052. India
+91 9845324444
info_india@hermanmiller.com

Available at:

AHMEDABAD
Seatce

BANGALORE
Bearys Innomark
Simply Sofas

CHENNAI
Buildcraft Interior

COCHIN
Prime Commercial Solutions

HYDERABAD
Richi Interiors
Seating World Extension

KOLKATA

LUDHIANA
Comfits Collection

MUMBAI
Workrite

NEW DELHI
CI Living
Workplace Synergies

PUNE

HermanMiller
hermanmiller.com/asia

a total of just 180 episodes.

On the other hand, Star Plus's most popular show, *Kyunki Saas Bhi Kabhi Bahu Thi*, ran non-stop for eight years and aired more than 1,800 episodes. The ratings of the show, after peaking at 30 GRPs, dipped to a low of four. The broadcaster had to pull it off abruptly, without waiting for a logical ending.

The last year-and-half Screwvala has been busy integrating the Disney and UTV businesses, and thinking brands and franchises. "The Walt Disney Company is about creating intellectual properties and building franchises that span movies, television, games, theme parks, consumer products and more." Mickey Mouse, for instance, is a $5-billion franchise whose reach need not be described here.

Disney, a $42-billion enterprise, is known the world over as a family entertainment brand and Screwvala believes that will clinch the issue in India, too. "We see no one really occupying the 'family brand' space here. And I think Disney is best equipped to move into it. You will see the family positioning across all our verticals."

Theme parks, though, are out of bounds for now. "For a Disneyland to be created there has to be a certain minimum scale. The basic infrastructure is important, not just inside the theme park but in all the avenues leading to it from airports to railways lines to roads and public and private transport. So there are no plans for this at present."

The next few years would be spent building scale. "That's absolutely the key and what Disney has done is augmented the creative capital they had here. Actually, UTV is also a creative organisation – we create in television, in digital and we create in movies. If you look at that, you have the whole nucleus together."

A Matter of Scale

Scale, incidentally, was the reason Screwvala chose to sell. He admits that it would have been difficult to build UTV into a bigger company. "Scale has always intrigued me. From the UTV perspective also we were looking at scale. From the Walt Disney perspective they had an office here and were looking at scale. The question of making deep investments in all the verticals was the exciting part to me. Scale and the diversified business is the sharp level, where I think for the next few years I could contribute."

For Disney, Screwvala believes it was UTV's content creation capability, in contrast with others companies' platform capability, that held the biggest appeal. The US giant had been trying to enter film production in India and even got into a partnership with Yashraj Films to produce a series of animated films. Their firstborn, animated film *Roadside Romeo*, sank without a trace. It turned out to be the last of the partnership.

"SCREWVALA IS INSTINCTIVE AND HIS ASSESSMENT IS USUALLY BANG-ON"

KARAN JOHAR
FILM PRODUCER-DIRECTOR

Disney UTV is looking at Disney-branded Hindi movies. How would those be? "Uplifting, heart-warming, family entertainment loaded with values. That would be the broad framework," says Roy Kapur, adding that a number of them are already in the works.

The operative word here is "family". Even when Disney makes an animation film, it is not merely for children. "Disney doesn't make animation for kids, it makes them for the family. You are going to see *Finding Nemo* not because you are just accompanying your

IndusInd Bank
Spend some time in pursuit of the soul. Indulge.
For those who have it all, we bring you something more.
Presenting IndusInd Bank Indulge Credit Card. The new accessory of power, prestige and indulgence.
Indulge is the first Credit Card in the Indian sub-continent with a 22K gold inlay and lifestyle benefits that have never been seen before.
With Indulge in your wallet, you will be the select few in the country who can get a personalized celebrity chef to come home and rustle up a gourmet meal for you. Or get customized art advisory on the current and upcoming artists.
Strictly by invitation, IndusInd Bank Indulge Credit Card is for those who like to push boundaries. And imagination too.
For more information, visit www.indusind.com
IndusInd Bank
Indulge
4987 1234 5678 0000
4987
VALID FROM
VALID THRU
ARUN KUMAR
VISA
INFINITE
Your imagination is the only limit.
22K Gold Inlay | No Pre-set Spending Limit | Charter Flights | Charter Yachts | High Octane Club
Personalized Chef | Customized Sailing Solutions | Art Advisory | Golf | Entertainment Offers

daughter or your grandchild, you are going because you want to see it and you are taking them along," says Screwvala.

And yet animation is nowhere on the agenda right now. It wouldn't be, what with *Arjun*, an animation feature made at a cost of ₹12 crore that released in May 2012, bombing at the box office. "India doesn't have an animation market because everyone thinks that animation is for a juvenile audience. The bulk of the cinemagoers in India is between 15 and 24 years. The company had attempted to attract them through its animation film *Arjun* last year, but it failed. A part of *Arjun*'s experimentation was to start to age-up animation. It's going to be a slow process in India as nobody grew up on animation. In the West people have grown up watching animation," says Screwvala.

42%
DISNEY UTV'S SHARE IN BOLLYWOOD'S REVENUE SO FAR THIS YEAR

Call of the Entrepreneur

So much for Disney. What about the entrepreneur who is remembered by his peers as "hands-on", "restless" and "aggressive"? Is that a thing of the past?

"I am surprised Ronnie has stuck to Disney, a rather laidback company. He is used to working 90 hours a week and is always hungry to do new things," says Ashoka Holla, Director at film content marketing firm Berserk Media, who owes it to Screwvala for sowing the seeds of entrepreneurship in him.

Screwvala has not cut all links with the world of start-ups. He has used his money from the Disney deal to set up Unilazer Ventures, which recently picked up 45 per cent equity in agri-based company INI Farms for ₹20 crore. Unilazer also supports Swades Foundation, an NGO that aims to provide a million people in rural Maharashtra with drinking water, livelihood, health care and education in five years.

Screwvala, however, says Disney UTV is where his focus is. "I do have an inclination for philanthropy, but is that going to be a full-time occupation? No," he says.

But those who know him – or think they know him – refuse to believe it. "Maybe he is bound by a contract and would soon be on his way out," says the former COO of a leading media network. He sounds almost wistful. ◆

Send your comments to editor.bt@intoday.com

For previous stories on Walt Disney-UTV, go to www.businesstoday.in/archives-aug1813

For the full interview, go to
businesstoday.in/disneyutv-screwvala

"Scale has always intrigued me. We were looking at scale"

In his first media interaction since The Walt Disney Company took over UTV, **RONNIE SCREWVALA**, *now turned employee, tells* **CHAITANYA KALBAG** *and* **AJITA SHASHIDHAR** *how he intends to take the company to greater heights.*

How difficult was it to transition from a successful entrepreneur-driven company to being a part of a large global company?

UTV was a listed company for the last six or seven years before it got acquired. Fifty per cent of its board of directors was independent. Disney already had close to 50 per cent shareholding for many years. As a public company, we were under constant scrutiny and accountability – to shareholders, to the board, analysts, team members and of course, our consumers and audience.

"Entrepreneurial" is in the DNA of an organisation and not in an individual. I would say that was part of our culture and the reason for the success of the erstwhile UTV. Candidly, not much has changed. In fact, we can now focus better on the mid-and-long-term without quarter on quarter pressures.

How big is Disney UTV in Disney's global scheme of things?

In the global scheme of things, it won't be a needle mover, because The Walt Disney Company is $42 billion in terms of revenue.

Disney's impact in India has been limited. Something has obviously not clicked.

You can look at a cup and call it either half full or half empty. I think if you are looking at global media companies, you need to see where the needle has moved for many of them. Many of them have been around since the 1990s. It took 10 years for them to see growth, with a tremendous amount of investment in those first 10 years. I would say that The Walt Disney Company, from that perspective has not had those kinds of losses.

It looked for an acquisition and that's how it acquired UTV. Now the blueprint for the next five years is how to bring scale to all our verticals. If we benchmark The Walt Disney Company to other Indian media companies or global giants here – the focus is really on broadcasting for most of the others. But that's not the philosophy of The Walt Disney Company. At the end of the day we are all about franchises, characters, experiential entertainment and consumer products.

So, what is the grand plan from here on?

When Disney acquired UTV one-and-half-years ago, there were a couple of trigger points and that kind of spells out what the future holds. One, media (in India) is still evolving and needs consistent investment. In that context, scale has been something that has always intrigued me personally and from a UTV perspective also we were looking at scale. From a Walt Disney perspective, it had an office here and it was looking at scale. So, the coming together actually meant that we could do a couple of things. We could come out of the listed space and not look at quarter to quarter earnings and therefore we could look at the business from a five-year or 10-year point of view. The question of then making deep investments in all the verticals was the exciting part to me.

"WE ARE ALL ABOUT FRANCHISES, CHARACTERS, CONSUMER PRODUCTS"

What about the movies? How lucrative has that been?

I think we are working with a great set of young directors. We know who our target audience is. The strong part of The Walt Disney Company India now is we have in-depth knowledge of our consumer. Everything starts from understanding the audience. The cross-pollination that comes from having run four Disney channels, a Bindass youth channel, and doing our movies... is a massive asset for us to scale up to what we

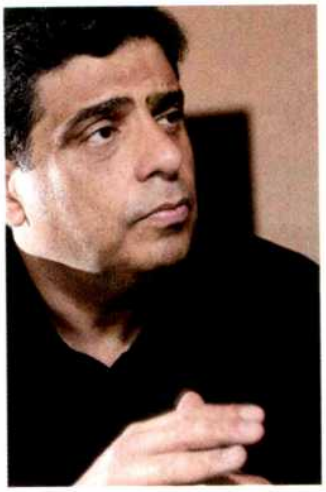
want to do. Do other media companies have this asset? No, because they are mostly platforms. They more or less acquire content and run it successfully. That is our differentiating factor.

You have nine channels now, but there is a feeling that there is a gap in your bouquet because you don't have a general entertainment channel (GEC). Are you content with that?

I don't understand gap. A gap is when you are competing in a broadcast space and you want to be the No.1 broadcaster in the country. That's not what we want to be at Walt Disney.

So, you are happy occupying a niche?

I won't call myself niche. I'm a strong No.5 without a GEC. So, if you subtract the GEC from the other four and then do the ranking, you will redefine the word niche. If you take out the GEC ratings and look at the rankings, we won't be fifth. We will be No.2.



"I WON'T CALL MYSELF NICHE. I'M A STRONG NO.5 WITHOUT A GEC"

Advertisers are constantly looking for the whole spectrum of channels...

No. They are looking for demographics and they are much more demographic specific today. I don't have a gap. Yes, there is a lowest common denominator that one would go for, and after that everything else is across the board.

To us beauty is in the eye of the beholder. As far as I am concerned, I'm the beauty and I'm the beholder. I don't have a gap. For me, the broadcasting channels we are into are very epic to the content that we create, the franchises we create. We are interested in the four years to 40 years category and the 15 years to 24 years. Why, because the four to 40 audience, or the family, embellishes the Disney brand, and the 15 to 24 audience is what UTV has carved out.

A lot that is happening at Disney UTV now is because of what you have done in the past 30 years. Is the company too dependent on you? How will that change? We also understand you are bit of a controlling person. You look at most areas of the business yourself.

The Walt Disney Company has not acquired a company based on one individual. Would Walt Disney have acquired completely out of the blue? No. For the last five years, we have had more than a courtship. It was a strong embedded understanding. The board had full exposure to all our team members. If we look at each of these spaces individually, they are completely and totally capable. They are building their respective businesses completely on their own, creatively and business-wise. That's the team. It's a core overall team Walt Disney has acquired.

I heard you work insane hours? What's your work-life balance like?

It's pretty good, I'm happy... If you ask me if I am completely emotionally submerged in my work, I'm not. It's important to keep that balance. If you are going to be completely emotionally submerged, you will not be able to meet that objective.

We hear you are focusing quite a bit on your venture capital fund as well as philanthropy now...

My focus on private equity is really not there to that level. Right now I'm completely into media. But I do have a family office which is independently run. As for the philanthropy... we are an execution foundation. Philanthropy is where you cut a cheque and give it to NGOs. We are not cutting a cheque. That is completely being handled by Zarine, my wife... So, does one have a strong inclination for philanthropy, sure. Is that going to be a full-time occupation, no.

So, where do you see yourself for the next five to 10 years?

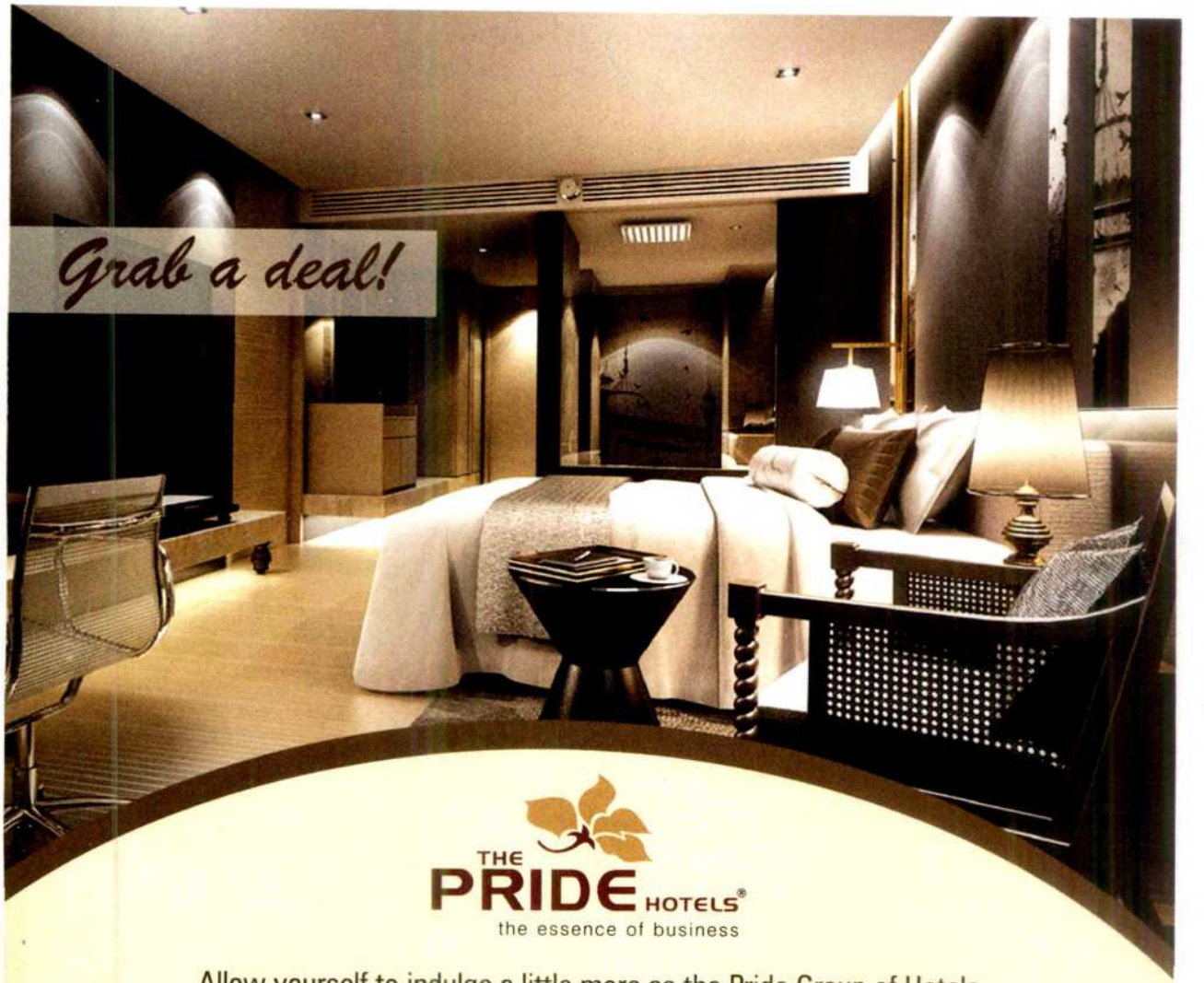
I think there is a lot to be done.

So, you are here for the long-term?

I am here and I am having this conversation with you. (Smiles).

Do you think there is going to be any kind of catalytic shift or shake-up of some sort in the industry?

From the business perspective the fact that subscribers and viewers will start wanting to pay for the content they consume, there will be a catalytic shift. The whole ecosystem is right now only based on advertising... with that will come more channels, more content. The whole ecosystem goes through the roof. Will it happen just because digitisation has been announced? No, it will take two to three years. ◆



THE PRIDE HOTELS®
the essence of business

Allow yourself to indulge a little more as the Pride Group of Hotels offers you some mind blowing deals, such as:

Book Early Get More
Business Edge
Weekend Savers
The Pride Premium and Suite Surprises
The Pride Long Stay Bonanza
Spa Indulgence Package
Last Minute Deal

For more details visit: www.pridehotel.com

Ahmedabad | Bengaluru | Chennai | Kolkata | Nagpur | Pune
Panchkula (Chandigarh) | Kanha | Cochin | Alleppey | Jaipur | Sriperumbudur

UPCOMING -
New Delhi (2013) | Indore (2013) | Goa (2014) | Pench

Toll free : 1800 209 1400 | Sales Offices nos- Kolkata - 033 40259999, Chennai - 044 43989898
Bombay – 022 40059300, Delhi - 011 41606677, Hyderabad - 9885146462. www.pridehotel.com

www.facebook.com/ThePrideHotels www.twitter.com/ThePrideHotels www.youtube.com/ThePrideHotels

XIOIVCRP/353

Bright smiles: NIIT Cloud Campus stu in Delhi

A Cloudburst in the Classroom

The cloud could fill the gaps in India's education sector, but costs and last-mile connectivity are constraints – for now.

By NANDAGOPAL RAJAN

The average pupil-teacher ratio in various categories of schools covered in the All India Student Education Survey is a healthy 31. But the figure could go up to one teacher per 120 students and, in the worst cases, even 600, if you consider that most of them teach more than one subject. Even then, you have to overlook the fact that many of these teachers add to the numbers, but don't really add value to the education system.

The task is daunting – we need more than 350,000 engineering teachers alone to cater to some four million students in the field. That is where technology can be used to augment the system. The cloud could be the wonder pill for what ails Indian education, but its adoption is hampered by costs and poor last-mile connectivity. As All India Council for Technical Education (AICTE) chairman S.S. Mantha says: "There is a lot of experimentation, but no massive implementation." But only widespread implementation will start changing the academic landscape.

"The cloud brings a lot of advantages," says Aravind Sitaraman, president, Inclusive Growth at Cisco. "It lowers costs, provides a degree of scalability and keeps the complexity in a central location." His company has developed an integrated hardware-software cloud solution for education, called Cisco Education Enabled Development (CEED) 2700. Code-named Dwara, this all-in-one box promises to reduce the cost of implementing cloud solutions to a dollar per child per month (see *A Box Called Dwara*, page 65).

"If you have a teacher in one location, and she is good at mathematics, this technology can be used to virtualise her to other locations," says Sitaraman.

The Karnataka government already uses Dwara in a handful of rural schools, and to train teachers in some districts. Private schools such as the Oakridge International chain and technical education insti-

SHEKHAR GHOSH/www.indiatodayimages.com

NIIT's Campus in the Cloud

Blended Classroom
Centralised faculty, assisted by local teachers. Students interact with peers in other locations

Cloud Courseware
Content in a virtual space; interactive and accessible 24/7 from multiple locations

Anywhere Lab
Can practise using laptops or tablets. Lab delinked from location and timing

Online Assessment
Practice sessions to understand weak areas and to focus on those areas

Lessons on Demand
If students miss a class they can download a lesson and the instructor's notes, and learn

Buddynet
Students work on a project with a network of friends, with faculty chipping in when needed

tutions such as the Nettur Technical Training Foundation have also adopted this technology.

Some organisations implement cloud solutions with their existing bandwidth, and without extra hardware. Bangalore-based Aurus Network's CourseHub is one such low-bandwidth video capture, management and distribution platform targeted at educational institutes. Others, such as Gate Forum, use the cloud to help final-year engineering students in small cities like Agra to prepare for the annual Graduate Aptitude Test in Engineering. But the largest on-ground implementation is NIIT's Cloud Campus, now available in over 150 centres nationwide.

NIIT gives students access to its faculty as well as round-the-clock availability of labs, course content and collaborative platforms (See *Learning in the Cloud*, page 64). So while hundreds of students enrol in small towns such as Bagdogra, West Bengal, and Haldwani, Uttarakhand, to learn from the best faculty, in big cities ambitious 20-year-olds such as Ridhima Kapoor may find that the Cloud Campus gives them time, for example, to do an evening course in commerce at Delhi University.

NIIT chief executive G. Raghavan says their cloud campus basically addresses the need for flexibility and learning on demand. "Flexibility will be in terms of when, what and how to learn," he says. "This

will be different for each person, so we have to get an optimal mix of pedagogy to get learning effectiveness."

His colleague, NIIT Imperia Executive Vice-President Udai Singh, says that the cloud enables instructors to get valuable data about the level at which students are able to understand a point. "This data point is not possible in a physical world."

But how do you manage traffic when students from multiple centres are listening to a single teacher? Singh says more centres don't mean you get more questions than you would in a single classroom. "Once you have reached a critical mass of students, the questions depend on what is being taught," he says. "So just a finite number of questions emerge, and that is enough for the others to understand." He adds that the data quickly helps teachers pre-empt questions and emphasise what they teach.

There is much debate on whether a virtual teacher can actually replace or fill in for hundreds of others. Singh says: "If you are looking at technology replacing teachers, we are missing the point. Tech is a force multiplier that can increase the scope and impact of a teacher."

However, Sameer Brahmachari, Director General of the Council of Scientific & Industrial Research (CSIR), says technology has blurred the lines that separate teacher and student. "My experience with open source drug discovery has shown that groups of students who are monitored are the weakest," he says.

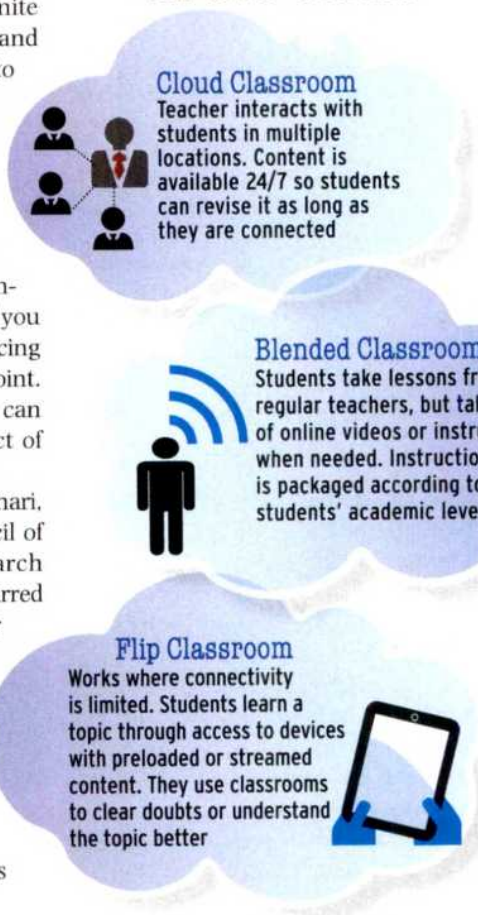
One of the most successful experiments in this field has been conducted by Sugata Mitra, Professor of Educational Technology at the School of Education, Communication and Language Sciences at Newcastle University in the UK. His acclaimed "Hole in the Wall" experiments sought to find out whether children could learn to use computers on their own. The results were positive – startlingly so. However, Mitra said in an email interaction with *Business Today* that it would be wrong to believe any child who participates in a Self Organised Learning Environment (SOLE) session will finish school with flying colours, go on to university and make a big impact on the world. He said: "This is not realistic. Every child will respond in his or her own way, and achieve to the extent of their own potential. Some will go on to great things, while others will simply finish school, an achievement in itself in many parts of the world."

Mitra, who recently received the TED Prize for his work, says that SOLEs are not designed to be as effective as a really good teacher or facilitator in a great school, but they can make a real difference to children who do not have the resources and who would otherwise get left behind. "Unfortunately, there are always going to be places in the world where a good teacher cannot or will not go – SOLEs are designed to 'beam' them into these locations."

But the real essence of the cloud classroom is that it enables students to go back to the content whenever they want. "The problem with live video classes is that there is no pause, rewind and forward, so students might miss parts if connectivity is affected," says Sunit Singh Tuli, CEO of Datawind, the company that makes Aakash tablets. "That is why we are big believers in affordable individual devices. If students get access to devices 24/7, they can rewind, pause and forward. This is crucial, as not everyone can learn at the same pace, and this ability will have a huge impact on a lot of students."

Mukesh Mohania, Distinguished Engineer and Chief Architect, Education Transformation, IBM Research, says prescriptive analytics from such data could lead to identifying personalised learning and help improve timely graduation and the employability of the graduates.

Learning in the Cloud



A Box Called Dwara

Dwara, the code name for Cisco Education Enabled Development (CEED) 2700, is a complete cloud and infrastructure solution for education and skill development

It has everything a classroom needs – router, computer, projector, cameras, speakers, microphones, and even power management

It is conceived, designed and manufactured in India, but has global significance. It costs $1 per child per month over three years

Children in a Cisco virtual classroom in Raichur, Karnataka

The pilot projects in Hoskote, Raichur and Shimoga in Karnataka, have already clocked 600,000 student hours

It has been designed to withstand heat and dust, and is theft resistant

It lets teachers in a central location interact and share content with students in multiple locations in real time

In the Indian context, where connectivity is a problem in many regions, Tuli says the flip classroom model is useful, as it lets children study from content pre-loaded on a device and then interact with the teacher in a classroom. He says this is where access to quality content through massive open online courses, or MOOCs, can be effective. Such content is freely available online. "We should stop teaching people things that they can Google," he says. "The ability to analyse information is what we need to inculcate."

Despite the abundance of free content, there is still a bottleneck, especially in technical education. AICTE's Mantha says it is looking at hosting quality content through the National Programme on Technology Enhanced Learning. This collaboration between the Indian Institutes of Technology and the Indian Institute of Science provides free web and video courses in engineering, the sciences and the humanities. "This content can be hosted in the cloud and made interactive," says Mantha. "Interactivity is the key, as technology is based on concepts and algorithms. Hence the importance of blended education cannot be ignored. The major work still has to come from the teacher, who cannot be replaced."

Asheesh Raina, Principal Research Analyst at Gartner, says everything in and around the cloud will take a while to become mainstream. "The landscape will emerge only when there is equilibrium of demand and supply." Mantha adds that it is important for any cloud solution to be able to become sustainable after a point, and this includes content and the last mile.

The adoption of the cloud in schools is expected to pick up once last-mile connectivity is ironed out. This could happen after the high-speed pan-India National Knowledge Network starts reaching the villages that most require such assisted education. "Roads don't reach all villages, but we can take fibre optics everywhere," says CSIR's Brahmachari. "In this new world, we should be able to put content on the cloud and take it to all these locations." ◆

Send your comments to editor.bt@intoday.com

Heirs with Heart

Profiles of some of the children of industry stalwarts who have chosen to work with the underprivileged. By E. KUMAR SHARMA

Huzaifa Khorakiwala, 42, is the elder son of Habil Khorakiwala, Founder-Chairman and Group CEO of the ₹6,000-crore pharma major, Wockhardt Ltd.

***

Kushagra Nayan Bajaj, 36, is the great grandson of industrialist-philanthropist Jamnalal Bajaj and the son of Shishir Bajaj, who heads the ₹10,000-crore (Shishir) Bajaj Group.

***

Roshni Nadar Malhotra, 31, is the only daughter of Shiv Nadar, Founder-Chairman of the $6.3-billion HCL Group.

***

Manasi Kirloskar, 23, is the only daughter of Vikram Kirloskar, Chairman, Kirloskar Systems, with investments of ₹15,000-crore in Toyota Kirloskar joint venture companies apart from its investments in real estate.

***

NISHIKANT GAMRE

HUZAIFA KHORAKIWALA (left)

AREA OF WORK:
Leads the Wockhardt Foundation, whose flagship programme runs mobile health-care vans in 10 Indian states, taking medical facilities to the doorsteps of those living in remote regions

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

ROSHNI NADAR MALHOTRA (centre)

AREA OF WORK:
Actively involved in the activities of the Shiv Nadar Foundation, and the driving force behind its VidyaGyan schools, which offer free education to the talented poor. She is also helping to develop the new Shiv Nadar University

Veer Singh, 29, is the only son of Analjit Singh, Founder-Chairman of the ₹10,600-crore Max India group.

***

What do these five young people have in common, apart from having been born with platinum spoons in their mouths? All of them have gone beyond the conventional corporate career they were pre-ordained for, to either work for the underprivileged or for a better environment.

Khorakiwala set up the Wockhardt Foundation in 2008, which runs mobile health-care vans in 10 Indian states. Bajaj takes time off from his corporate responsibilities to work in the villages of Maharashtra's Wardha and Rajasthan's Sikar districts. Malhotra is the driving force behind the Shiv Nadar Foundation, which runs the VidyaGyan schools for the underprivileged, and is setting up a private university. Kirloskar has been working with underprivileged children since she was 14. Veer Singh is engaged in a hospitality project which also addresses environmental concerns.

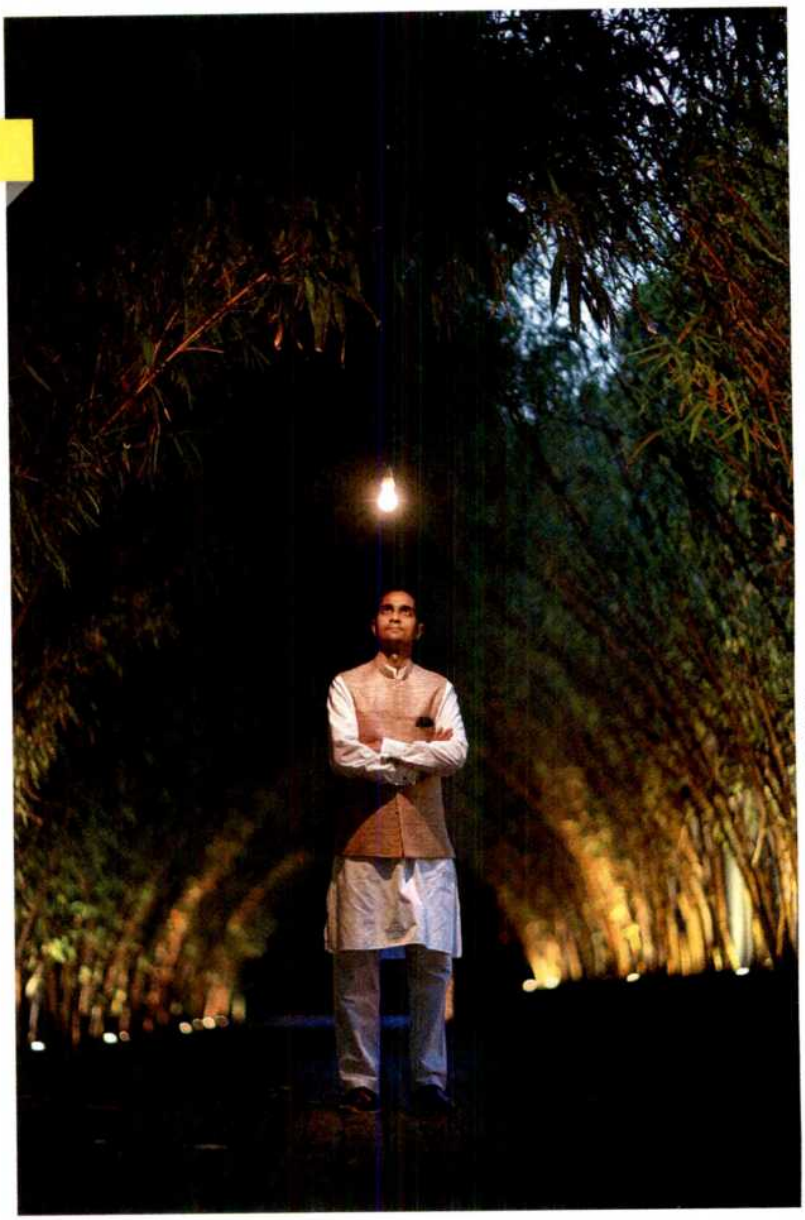
Philanthropy in India has a long history, and is frequently driven by younger members of well-off families. As the 2013 edition of the annual *India Philanthropy Report* by global management consulting firm Bain and Co, which surveyed 180 high net worth individuals across four Indian cities, notes: "Young donors continue to be relevant and often set their families' philanthropic vision."

But most such activity is confined to funding non-governmental organisations (NGOs) of their choice, or expanding their company's corporate social responsibility related activities. These five are among a handful who have gone much further.

Returning to India in 1996, with a management degree from Yale University in the US, Khorakiwala initially joined his father's flourishing health-care business. But he gradually realised that this was not for him and plunged full time into the foundation's work, setting up his 'hospitals-on-wheels', which, travelling to the poorest and remotest areas in the regions they have taken up, have provided free

VEER SINGH, 29

AREA OF WORK:
Building a hospitality project which also addresses environmental concerns



ADITYA KAPOOR/www.indiatodayimages.com

health check-ups and free medicines to 1.81 million people so far.

"I have drawn inspiration from Mohammad Yunus, after seeing the effect of his work," says Khorakiwala. The Bangladesh-based Yunus, father of modern-day microfinance and a Nobel Peace Prize winner, returns the compliment. "I am impressed by Khorakiwala's commitment to bringing solutions to poor people's miseries," he says, in response to an emailed query from *Business Today*. "He is young and energetic." Khorakiwala is gung-ho about the future. "By 2020, my goal is to see the Wockhardt Foundation impact 100 million lives, and have a financial outlay of ₹1,000 crore.

The Wockhardt Foundation usually works in financial partnerships with public sector units or private corporate houses for specific projects. It runs a fleet of 81 vans, many of which are leased or provided by sponsors and donors. It also runs 13 more vans exclusively for eye care – these have screened around 110,000 people for eye ailments, and carried out more than 16,000 cataract surgeries.

Lately, it has been taking more vans under its wing – in February this year, for instance, it reached an agreement with the Tamil Nadu government to monitor and manage its health van operations. Tamil Nadu already had 416 such vans traversing the state. Again, in April, it won a contract from the Chhattisgarh government to start a school health initiative, operating 173 vans exclusively to check the health of 2.7 million schoolchildren in Raipur and Bilaspur districts, once every six months. "Partnering with state governments is essential to our model because that alone will give us scale," says Suman Abraham, Director, Wockhardt Foundation. Though its annual outlay is currently around ₹20 crore, this is expected to rise 10-fold by the end of the current financial year, as more partnerships with state governments are finalised. A more ambitious mobile diagnostic programme called Swasthya Jaanch is also in the offing.

Unlike Khorakiwala, Kushagra Nayan Bajaj has chosen to straddle both corporate and social responsibilities. An alumnus of Carnegie Melon University, Pittsburgh, he is, on one hand, CEO of his group's flagship company Bajaj Hindusthan, as well as Vice Chairman of the (Shishir) Bajaj group. On the other, he also heads the Kamalnayan Jamnalal Bajaj Foundation which he set up in May 2009. The foundation has a

NILOTPAL BARUAH

MANASI KIRLOSKAR

AREA OF WORK:
Teaching art and craft to underprivileged children

team of 180 working in Sikar and Wardha – Jamnalal Bajaj was born in the first and grew up in the second. In Wardha, Kushagra is trying to step up village development and make the entire region self-sufficient in water. "We have had a direct impact on about 400 out of 950 villages so far," he says. "Our target by 2020 is to make water available in all the villages all through the year."

His team first spends time with the residents of each village, getting their feedback on what is needed and ensuring their involvement before taking up projects such as building check dams, widening and de-silting rivers and streams. This makes a difference to the local economy as well. "Once you get sufficient water, you can grow three or four crops instead of one, as a result of which income levels go up and more children are sent to school," says Kushagra. So far, the foundation has spent around ₹175 crore on the district, improving water management, encouraging bio-gas production and scientific cattle breeding.

With help from Gujarat's well-known NGO, Self Employed Women's Association (SEWA), it has also set up about 500 self-help groups in Wardha. In Sikar, it supplements similar developmental efforts by Jamnalal Kaniram Bajaj Trust, another trust also driven by the family.

So too Roshni Nadar Malhotra, who studied at the Kellogg Graduate School of Management in the US, has expanded the activities of the Shiv Nadar Foundation considerably since she took charge in 2008. "Apart from the SSN College of Engineering, which was started in 1996, all the other initiatives of the Shiv Nadar Foundation have taken flight after I returned," she says. These include the Shiv Nadar University in the National Capital Region, started in 2011 and still at a nascent stage, and two VidyaGyan schools at Bulandshahr and Sitapur, both in Uttar Pradesh.

The VidyaGyan schools, both of them residential, draw promising young students from poor rural families – annual parental income must be below ₹1 lakh – and provide them first rate faculty and facilities, entirely free. Begun in 2009, the two schools have around 1,300 students on the rolls. "These are the poor man's Doon schools," says Malhotra. "In the next five years, we hope to see two or three children from our schools getting into the Indian Institutes of Technology and hopefully at least one into an American university." (See also *www.businesstoday.in/vidyagyan*.) So far, most of the ₹1,800 crore the foundation

A. PRABHAKAR RAO

KAVIL RAMACHANDRAN, ISB Professor

"They have the liberty to take this path because family business security is common to them all. They don't face the challenge of the family business's survival"

has spent on its different projects was provided by the family. "We are in the business of social investment," Malhotra adds. "We want to do only a few projects, but projects which are large and impactful."

Having taken over as Executive Director of the group's holding company Kirloskar Systems, Manasi Kirloskar may currently be concentrating on her corporate responsibilities, but she has a long history of social work. This graduate from the Rhode Island School of Design, US, taught art and craft to disadvantaged children from age 14. At 16, she organised her first exhibition of these children's paintings, raising ₹1.5 lakh. Slowly, her involvement with the children went beyond art. "I noticed how the children tended to grab anything they were given, even the art material provided," she says. "I realised this was because their resources were so limited, they had got into the habit of grabbing anything they could get. They had no idea of sharing or helping one another, not realising that doing so makes people stronger."

She began organising activities that taught team building and communication. Today, she believes community service should be made a part of the high school curriculum. "People should get involved when they are young, because when you start something young, it sticks to you," she adds.

Although Vana Retreats and Hotels Pvt Ltd, the hospitality project Veer Singh is working on, is a for-profit proposition, its objectives are not entirely commercial. "The family was doing a hotel and resort project on the outskirts of Dehradun," he says. "But six months into it, I felt it should not be just another hotel but should promote wellness." A science graduate of Imperial College, London, he had long been bothered by environmental concerns, and is determined Vana should be as eco-friendly as possible. "I'm trying to map the carbon footprint of our entire project," he adds. "At the end, we will start the carbon offsetting process." To this end, for instance, his hotel will use only glass bottles, not plastic. Energy saving and waste recycling are other concerns – he wants a LEED platinum rating, a global benchmark of being environmentally sound, for the project.

While the efforts of all five are laudable, it is also true that the size and stability of their family businesses provides them a safety net. "It is an individual predilection, an inner calling that prompts them," says Kavil Ramachandran, who leads the Thomas Schmidheiny Chair of Family Business and Wealth Management at the Indian School of Business, Hyderabad. "But it is also a fact that they have the liberty to take this path because family business security is common to them all. They don't face the challenge of the family business's survival." ◆

KUSHAGRA NAYAN BAJAJ (2nd from right)

AREA OF WORK:
Village development in Maharashtra's Wardha and Rajasthan's Sikar districts

Send your comments to editor.bt@intoday.com

श्री राधे गुरु माँ

17 Years || 1700 Campaigns || 1200 Product Launches || 350 In-Film Brandings || 1500 Event Sponsorships

Unbeatable deals on....

Rotational Plans - Barter Deals - EQuity Deals - Easy Payment Terms - PAN - India presence

* HOARDINGS
* BUSES
* BUS SHELTERS

GLOBAL ADVERTISERS

* AIRPORT MEDIA
* RAILWAY MEDIA
* INNOVATIONS

Sanjeev Gupta- 9820082849

www.globaladvertisers.in
amit@globaladvertisers.in

GROWING

With Islamic banking nowhere on the horizon, the venture capital model

For almost 20 years, Haris Koyisseri invested in his business only from his own earnings. The dry fish merchant in Kerala's Kozhikode never took any bank loan to expand his operations. Why? Bank loans are against the tenets of his faith – Islam – as they charge interest. Four years ago, however, he took on a ₹10-lakh loan from Alternative Investments and Credits Ltd (AICL). The Kochi-based finance company adhered to the *Koran*'s ban on interest and instead took a share in the profit or loss of a venture it funded. Business has grown 60 per cent since for Koyisseri. "I do not have to worry about repaying the money when business is lean," he says. "Whenever I need additional capital I will take it from a Shariah-compliant fund."

Koyisseri is one of scores of Muslims in the country who rely on Shariah-compliant products from companies such as AICL to meet their funding needs. The development is significant given that India has the world's third-largest Muslim population – after Indonesia and Pakistan – but does not allow Islamic banking. The trend is most visible in Kerala, where Muslims comprise a fourth of the population, but is also catching up in some other states such as Andhra Pradesh and Karnataka.

Most Muslim-majority countries, including Saudi Arabia, Iran and Pakistan, as well as the US and the UK allow Islamic banking (see *Simplifying Islamic Banking*). In 2005, the Reserve Bank of India formed a panel to look into the issue. Three years later, a committee led by Raghuram Rajan – currently the top economic adviser in the finance ministry – recommended allowing interest-free banking products. But there has been no progress thus far. In May 2012, the RBI revoked AICL's licence as a non-banking finance company (NBFC) citing non-compliance with its rules on interest rates. AICL, which says it financed about 200 businesses with capital ranging from ₹10 lakh to ₹1 crore before the ban, challenged the cancellation in the Bombay High Court. The case is pending.

The cancellation, industry ob-

Kozhikode's Haris Koyisseri (standing right) says his business has grown 60 per cent after he took on a ₹10-lakh loan from Alternative Investments and Credits Ltd. **AICL plans to launch a Shariah-compliant VC fund,** says Chief Operations Officer Thanveer Mohiyudheen (sitting right in the smaller picture) with Managing Director P.C. Anwar

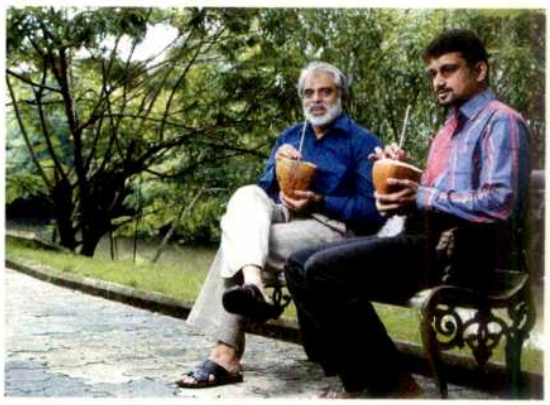
INTEREST

gains traction in Shariah financing. By SARIKA MALHOTRA

AJEEB KOMACHI

servers say, was a fallout of another case. AICL had been offering Shariah-compliant products for nearly a decade. But it came into the limelight only after Janata Party President Subramanian Swamy in 2009 moved the Kerala High Court against Kerala State Industrial Development Corporation's investment in Al Barakah Financial Services Ltd, an NBFC floated to offer Islamic finance products. Swamy argued that a state-run company's involvement in a firm set up on religious lines was against India's constitution. The court threw out the plea in 2011.

AICL, meanwhile, has found an alternative – it plans to launch a Shariah-compliant venture capital (VC) fund. This fund, says Chief Operations Officer Thanveer Mohiyudheen, does not violate any law as capital markets regulator Securities and Exchange Board of



India (SEBI) permits pooling of capital from investors. A VC fund is Shariah-compliant as it makes equity investments and shares the profit or loss in a venture, he adds.

AICL is not the only one which is setting up a so-called Alternative Investment Fund registered with SEBI. Cheraman Financial Services Ltd, the new avatar of Al Barakah, has received SEBI approval for a fund to raise up to ₹300 crore. Kozhikode-based Secura Investment has a real estate VC fund that complies with the Shariah. Industry observers say the RBI's tough stand against NBFCs such as AICL is the main reason why Shariah-compliant VC funds are gaining importance. M. Thomas Isaac, former finance minister of Kerala, says many financial firms in the state work even without the RBI's permission. The idea behind Cheraman and other registered funds is to work under a legal framework, he says.

More such funds are in the offing. "Seven to eight Shariah-compliant funds are in the formalisation stage," says Shariq Nisar, Director of research and operations at Mumbai-based Taqwaa Advisory and Shariah Investment Solutions. The firm provides Shariah advisory and investment services. C.H. Abdul Raheem, AICL's founder MD, says four to five SEBI-registered VC funds that comply with the Shariah will likely come up in Kerala in the next few years.

SIMPLIFYING ISLAMIC FINANCE

What is Islamic finance?
A financial system based on Islamic law, or Shariah, which bans charging and paying of interest.

Does India allow it?
India does not prohibit financial entities such as venture capital funds based on the Shariah, but it bans Islamic banking.

What about other countries?
There are many Shariah-compliant VC funds in West and Southeast Asia, Africa and the US. Malaysia is the first country to introduce, in 2008, rules for Islamic VC funds.

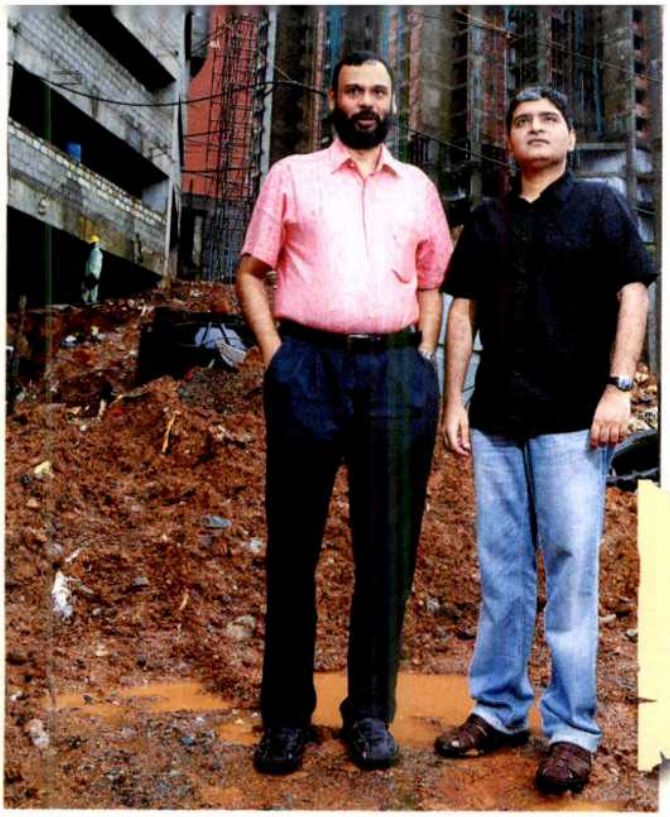
Observers say Bangalore-based Bearys Properties and Developments, Mumbai's Pragmatic Wealth Management, and Chennai-based ETA Group are among those looking to launch Islamic finance products. Taurus Asset Management and Multigain Shariah Investments are also planning to join hands for a VC fund. Bearys Chairman and MD Syed Mohamed Beary confirmed the company's plans to launch a Shariah-compliant real estate fund in the first quarter of 2014. The company is looking at a corpus of ₹100 crore to begin with and will target wealthy investors, he said. Email queries sent to Pragmatic and ETA went unanswered till the time of going to press.

These funds also provide an opportunity to investors. Muslims are generally averse to investing in stock markets as they perceive it as gambling. Shariah bans investment in companies that make alcohol, tobacco, pork products, and weapons. To attract Muslim investors, both the National Stock Exchange and Bombay Stock Exchange have launched indexes which comprise Shariah-compliant stocks. But the response to these indexes has been muted, says H. Abdur Raqeeb, General Secretary at advocacy body Indian Centre for Islamic Finance. Shariah-compliant VC funds are filling this gap. Raqeeb says these funds, including realty funds, can potentially raise about $1 billion in India.

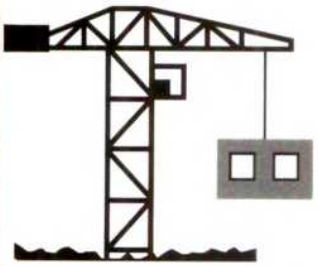
Masoud Abdul Rahiman, a

Cheraman Financial Services aims to **attract Kerala's diaspora and sovereign funds from the Gulf** countries for a VC fund, says Managing Director A.P.M. Mohammed Hanish (left) with investor E.M. Najeeb (right), Chairman of ATE Group, and KSIDC Nominee Director T. Balakrishnan

ANIL WARRIER



AJEEB KOMACHI



M.A. Mehaboob (left), Managing Director at Secura Investment Management, says **the company plans to launch more Shariah-compliant real estate VC funds.** Secura Director Tiny Philip, who invested ₹50 lakh in a Secura fund, says non-Muslims also invest in Shariah-compliant products

Kochi-based software engineer with Cognizant, is one such investor who prefers Shariah-compliant products. He invested ₹6 lakh over two years in Secura's first fund. His first investment installment of ₹1.2 lakh earned him a return of ₹1.96 lakh in 2012. "While returns are not guaranteed, I can at least consume the earnings," says Rahiman, who gives the interest income he earns from his bank deposits to charity. Doctors are also investing in these funds, as Kerala develops into a hotspot for medical tourism.

In Kerala, these funds are targeting investors from overseas as well. Cheraman, for instance, is backed by NRIs including P. Mohamed Ali, Vice Chairman of Oman's Galfar Engineering and Contracting Company, and C.K. Menon, Chairman and MD of Doha-based Behzad Group. A.P.M. Mohammed Hanish, MD at Cheraman, says the company plans to hold road shows to attract Kerala's diaspora and sovereign funds from the Gulf countries that want to invest in Shariah-compliant products.

Kerala has a large diaspora, mainly in West Asia. Muslims comprise up to two-thirds of this segment. These workers send a large amount of money back home. Data from the Kerala Migration Survey 2011 show remittances to the state rose 15 per cent to ₹49,695 crore that year from ₹43,288 crore in 2008. M.A. Majeed Zubair, Dean at Hyderabad's Institute of Islamic Banking and Finance, says India is an emerging market for capital from West Asia. India has an advantage over China, where language and cultural constraints as well as political reasons discourage investors from West Asia, he adds.

While several companies are looking to launch Shariah-compliant VC funds, some experts are wary. Kerala, they say, has seen several instances of financial companies duping investors. The latest case grabbing the headlines is that of Lee Capital, which reportedly duped investors of as much as ₹100 crore.

A recent change in SEBI rules is prompting companies to tweak their strategies. SEBI has fixed minimum capital commitment by each investor in such funds at ₹1 crore. Some industry observers say small investors may pool capital and set up a limited liability partnership that will invest in a VC fund. In its first two funds, Secura routed investment from wealthy investors directly into real estate projects while accepting money from smaller investors. This is because the two sets of investors have different expectations from the VC fund. Managing Director M.A. Mehaboob says Secura will adhere to the SEBI rule in the future and rope in wealthy investors who put in ₹1 crore in its funds. "We may also come up with multiple funds clubbing investors according to their appetite."

P.C. Anwar, MD at AICL, says the venture capital industry in India may find it difficult to find enough professional managers with experience in Islamic finance. Mahendra Swarup, President of the Indian Private Equity and Venture Capital Association, says Shariah-compliant funds look promising considering they can also attract funding from charitable institutions such as the Wakf Boards. But he adds a note of caution. "We will have to gauge what kind of returns they can generate in the long run." ◆

Send your comments to editor.bt@intoday.com

A Harvest of Ideas

A new generation of start-ups has developed a host of agricultural tech products such as livestock disease diagnostic kits and compact cotton spinning machines to make farming easier, safer and more efficient. Business Today looks at three start-ups that are making a big difference to Indian farming. **By TASLIMA KHAN**

It's every livestock farmer's worst nightmare: losing animals to disease. But Indian farmers can sleep easy now: Kochi-based ubio Biotechnology Systems has launched an affordable diagnostic kit that allows them to detect fatal diseases such as foot-and-mouth at an early stage so the animals can be treated before it's too late. It sells these kits at one-tenth the price of imported kits: its products cost ₹45 to ₹150 while imported kits are for around ₹250 to ₹500. "Use of diagnostic kits for animals is rare in India because most kits are imported and hence too costly for Indian farmers to afford," says V.I. Bishor, Director of ubio.

Bishor has not had it easy. The former Project Head at South Korean company Standard Diagnostics teamed up with Faisal Siyavudeen, a mechanical engineer by training, in 2008 to bring animal diagnostics technology to India. But research and development was expensive and banks refused to lend any money. He finally managed to garner ₹1.8 crore from some angel investors and was mentored at the Biotechnology Incubation Centre at Kochi. He began with diagnostic kits for diseases in cats and dogs such as rabies, distemper and lyme. Today, the team has developed kits for a range of 35 common livestock diseases from foot-and-mouth, which causes high fever and blisters in cloven-hoofed animals, to Brucellosis, which is primarily a reproductive disease. "These are critical diseases and need to be detected very early. As these animals contribute to the food chain, they can easily be transmitted to humans," says Siyavudeen.

NATIONAL AGRICULTURAL INNOVATION PROJECT

Animal Farm: V.I. Bishor, Director, ubio Biotechnology Systems

ADITYA KAPOOR/www.indiatodayimages.com

With over $250 million World Bank aid, the Indian Council of Agricultural Research has developed 300 technologies across sectors such as agri-engineering and textiles

ICAR is now inviting start-up entrepreneurs to buy these technologies and commercialise them

The start-ups will get funding and incubation support from 22 agriculture-focused incubators

About 185 start-ups are already undergoing incubation at these centres

The market for diagnostic kits is huge, but distribution is a challenge. So far, the start-up has sold over 100,000 kits. It has also tied up with Ahmedabad-based animal vaccine manufacturer Hester Biosciences to boost its manufacturing and marketing capability. "You cannot just walk in and sell. Farmers have to be educated about the product," says Bishor. The start-up wants to focus more on research and development with the Indian Council of Agricultural Research a the Indian Veterinar Research Institute, and expand to human diagnostics as well.

Mayil Vaganan, a former scientist at Ranbaxy, is on a mission to control the use of pesticides and insecticides by lian farmers. He and ormer colleague, Lokesh Makam, pooled in their savings to set up Barrix Agro Sciences in 2011 to

Barrix™
One for everyone

NILOTPAL BARUAH

Fatal Attraction: Mayil Vaganan (left), Chief Technology Officer, Barrix, and Lokesh Makam, CEO, with pheromone-based fly traps in Bangalore

manufacture pheromone-based traps as an alternative to pesticides. Pheromones are natural chemicals secreted by female insects to attract male insects, and have been used globally for a long time. But they have never been popular with Indian farmers because the pheromones available at chemical shops in villages are of poor quality and degenerate quickly when exposed to sunlight. While the average life of pheromones is less than a week, the patented formulation developed by Barrix lasts 60 days – from fruiting to harvest season.

The patented fruit and vegetable traps developed by Barrix block ultraviolet rays and kill 280 species of fruit flies which attack a variety of fruit, including mangoes, apples and guavas. The vegetable fly trap is also capable of destroying 50 major species of vegetable flies. Two such traps are effective for an acre of land and cost about ₹360. "There is huge scope for growth in the pheromone market in India, which is a massive market globally," says Mark Kahn, Founder, Partner at Omnivore Partners, a Godrej Agrovet-backed firm which invested in Barrix this year.

However, there are challenges ahead. Distribution of pheromone-based products is the biggest one because of strong lobbying by pesticide companies. "Distributors enjoy commissions from pesticide companies for recommending and selling pesticides to farmers," says Vaganan. "Dealers are even threatened not to sell pheromones."

The start-up is trying to reach out to farmers through organisations such as farm products specialist Villgro Stores in Tamil Nadu and rural management services company eKutir in Odisha. It is also developing formulations to protect other important crops like coffee, tea and coconut. "Dealers will keep pheromones only when farmers are aware of the product and ask for it," says Vaganan, who has sold traps worth ₹60 lakh across 15 districts in Andhra Pradesh.

microspin
seamless integration

What do Fabindia and Good Earth have in common with fashion designers Sabyasachi Mukherjee, Wendell Rodricks and Peter D'Ascoli? They all have the same supplier of cotton fabric: the Malkha Marketing Trust, which sells special fabric produced by yarn spun with innovative small spinning machines. The Malkha fabric, which derives its name from Malmal and khadi, is light and airy because of the special quality of yarn spun by the microspinning machines developed by mechanical engineer Kannan Lakshminarayan. "The Malkha fabric is sophisticated and has a rich texture. It has an intimate luxury that does not shout or scream," says Mukherjee.

Lakshminarayan founded Microspin Machine Works in 2011 and has now filed for a patent for the microspinning machines which could change the lives of thousands of cotton growers. The machines are one-hundredth the size of spinning machines used in large mills and can easily be set up close to a cotton farm. They produce superior quality yarn because they skip the baling process which involves compressing of raw cotton into hard blocks for easy transportation. "If cotton is growing in my backyard, why do I need to bale it," says Lakshminarayan. "We have to actively participate in the installation and financing of these machines that cost about ₹60 lakh to the farmer."

Malkha began with five production centres in Andhra Pradesh, but has since expanded to other parts of the country through farmers' cooperatives. "We are producing export quality yarn," says Sukesh Zanwar, Managing Director of Buldana Urban Cooperative Credit Society in Maharashtra. The cooperative society is the largest of its kind in India with 270 branches across three states and 500,000 farmers on board, about half of them cotton growers. "The beauty of these small machines is that six to eight farmers can come together to set up a spinning unit, helping them become more self-sufficient and create new non-farm jobs," says Zanwar. ◆

Send your comments to editor.bt@intoday.com

FOR OPPORTUNITIES TO OPEN

NOW IS THE TIME

AND ET NOW IS THE CHANNEL.

Make the most of the opportunities that the markets present. With market moving stories, breaking news delivered first, maximum stock recommendations and views from leading analysts, ET NOW provides you with the tools to stay ahead of the curve. It's what has made us India's No.1 Business News Channel.

ET NOW™

INDIA'S NO.1 BUSINESS NEWS CHANNEL

LOOK UP IN AWE

An indigenously designed device can make a big difference to TV viewing. But how will it fare in the market?

By GOUTAM DAS

NILOTPAL BARUAH

Original product: Founders Kallol Borah (left) and Harsha Mutt

INSIDE a nondescript building in Bangalore's Richmond Town, about 50 people are pottering about with orange, yellow, green, blue, purple and pink boxes. At first glance, some of the boxes seem like extra-large Lego blocks. But they are smarter; they have chipsets inside. In a few months, these blocks could sit right inside your home, alongside your television.

The 50 people are attempting a rare feat – building a consumer electronics start-up with the product conceived, researched, developed, designed, tested and manufactured entirely in India. The colourful blocks when assembled become the Lukup Player, a device that can make consumption of TV content and the Internet easier, and more fun.

Lukup does a number of things. "It can help people search, receive content from multiple sources and then stream it onto multiple screens," says Kallol Borah, one of the founders of the start-up, Lukup Media. "The concept is that my wife, mother, sister and I should be able to watch different programmes at the same time from many devices using the player."

When connected to an existing set-top box, Lukup can deliver content either from live television or from its video-on-demand platform to a second TV at home, to a tablet and even to a mobile phone, by using a wired broadband connection or home Wi-Fi.

Lukup is more than just hardware

Lukup remote

CALCUTTA UNIVERSITY CENTRAL LIBRARY

– it has a device-plus-services model, much like Apple. The company has created its proprietary content platform by licensing films and TV shows from content makers such as Reliance Entertainment and ITV Studios. As of now, the platform has 300 episodes of TV shows, 500 films, 20-odd games, and a music catalogue of 10 million tracks. While the media player can mirror television content on multiple screens, it can also aid content search across TV channels, its on-demand platform and the Internet. It can personalise the watching experience by creating profiles and playlists for family members.

The Lukup platform has 300 episodes of TV shows, 500 films, and a music catalogue of 10 million tracks

ALL of this sounds impressive. There is nothing of this sort in the market. But it is not hard to figure out where the Lukup Player gets its inspiration from. Mirroring TV content on other screens wherever you are is what US-based Sling Media Inc's SlingBox does, while streaming subscription-based online content has been mastered by services like Netflix in many countries. The differentiator for the Lukup Player is that no one has managed to merge these two into a single device so far. Plus, no content provider has ever bothered to sell its own hardware. Players like Netflix usually package themselves with digital video recorders such as the Tivo.

"In the future, one can potentially replace cable TV with Lukup player. Because of the sports, kids content, movies and TV shows available on our video-on-demand platform, one may not miss the television," Borah says.

Borah, 38, trained as an economist at the London School of Economics before becoming a serial entrepreneur. He then teamed up with Harsha Mutt, 49, a former techie who had worked with Infosys and HCL Technologies, to start Lukup Media in 2010. The two, along with two British investors, have invested ₹30 crore in the company. That is sufficient capital to see the company through the first 10,000 units it will start shipping in October this year. But it will require a large round of investment to grow further and eventually make profits. Lukup's stiff uphill climb starts here.

"Cash-wise, I would like to be in a more comfortable situation because, of the ₹30 crore, we have already spent one-third," says Borah. "We have to match demand with supply. We have to cope with long lead times."

The product has more than 1,000 components, which it sources from 60 suppliers. Since the supply chain has long lead times, it can lead to a working-capital gap because the company needs to have sufficient stock in hand to meet the immediate demand, says Borah.

The company, he reckons, will need to raise upwards of $10 million (₹60 crore) by the end of this year if demand for the product soars. For a consumer electronics company in India, that is a tall order. Two venture capital companies *BT* spoke to said consumer electronics is a tough market to crack considering that it is a thin-margin, high-volume game. Investors prefer to tread cautiously. Since 2010, only one com-

pany in the mobile handset, tablet, set-top box or television segment – Micromax – has been able to raise capital, according to data provider Venture Intelligence.

Investors will question Lukup's practices, including local manufacturing. It is wiser to manufacture outside, especially in China, some say. Rajiv Bapna, Director at consumer electronics company Amkette India, says he decided to make EvoTV, a smart box that brings Internet connectivity to TV, in China as India does not have the eco-system to produce state-of-the-art hardware. "Also, it is very difficult to scale up manufacturing here. But the fact is that production is a very small part of the innovation chain. Design and technology are the real challenges."

THERE are question marks also on who will buy the media player. Lukup cannot afford to subsidise the device right-away and is starting with a premium positioning – the player is priced at ₹9,000. Until two months ago, the plan was to price it at ₹7,000 but the rupee's sharp drop against the dollar spooked the founders. The company sources components from Taiwan, China and the US. Since it is difficult to make any money on the hardware where margins will be in low single digits, Borah is banking on subscription revenues. "People will get some free or ad-funded content by default. However, there is pay-per-view content and then packages that start from ₹325 a month," he says.

While Lukup vouches that the content it has licensed is top class and rare, one would have to wait and watch if it is indeed compelling. It also faces competition from direct-to-home operators such as TataSky who have ventured into the video-on-demand market; smartbox manufacturers such as Amkette have tied up with content providers like BoxTV to bring their content in.

To hedge its risks, Lukup is marketing the device to TV operators. The firm has secured purchase orders for 7,000 units from an operator in Australia and one in India who would replace some of its HD set-top boxes with the Lukup player – the device can double as a set-top box with some technical modifications. The company is also doing proof of concepts for another five operators.

Even so, the company has quite a task on its hands. To turn a profit, Lukup needs volumes upwards of 100,000 a year. "Every morning we wake up and question – Will this work," says co-founder Mutt. "But then the challenge has been to make it work and we strongly believe this will make a difference."

One can count Indian consumer electronics start-ups on one's fingertips. If Lukup can pull it off, it will become a great testament to India's nascent hardware product story. ◆

ADDITIONAL REPORTING BY NANDAGOPAL RAJAN

Desi Devices

Other consumer electronics innovations conceived in India

AMKETTE EVOTV

Launched in June 2012, this smart box brought Internet connectivity, Android OS and apps, content discovery and motion gaming, to TV. Its unique remote has an accelerometer that enables motion gaming and also doubles as a microphone for voice control. Cost: **₹8,499**

AAKASH/ DATAWIND UBISLATE

It has been called the world's cheapest tablet. The innovation here is being able to sell at such a price. The first subsidised version provided a resistive touchscreen and Internet connectivity for just **₹2,300**, while the UbiSlate7 version cost **₹3,000**

NOTION INK'S ADAM TABLET

Launched in December 2010, when tablets were by no means as ubiquitous as they are now, and the iPad reigned supreme. With excellent specifications, it was touted as an 'iPad killer', but failed to match its promise. There has been talk, however, of a forthcoming Adam II

MILAGROW TABTOP PC

Built for India, it was the first to provide a micro USB, full USB, HDMI and SD card in a device so small. Its features were unique when it was launched in 2011. But the price, **₹24,990**, was a bit too high for many users

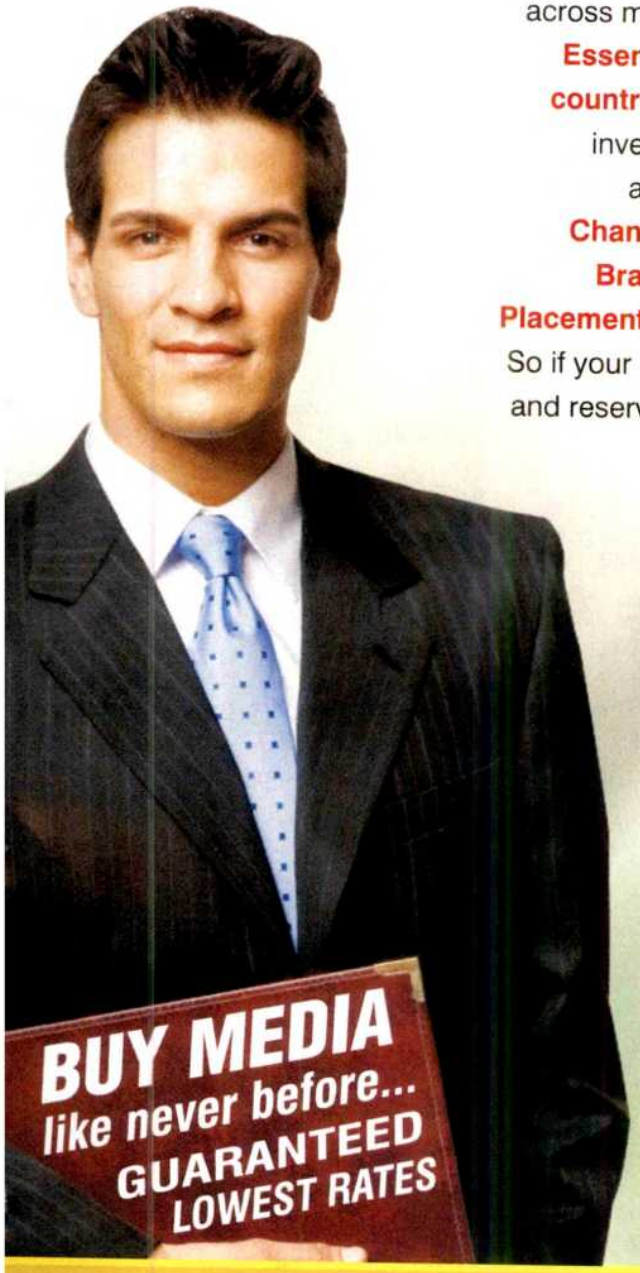
Send your comments to editor.bt@intoday.com

BRAND OWNERS | MANAGERS
BUSINESS TYCOONS . . .

GOLD
MAX Trade N Biz

Powered by:

Natures® ESSENCE
Aromatherapy Beauty Solutions



Welcome to the world of group media buying.

Gold Max a media buying arm powered by **Natures Essence Group** a powerhouse in the world of cosmetics. Being a Large buyer itself it has taken a leap forward and gone out to buy media of unthinkable proportions. The same media is open to offer against barter against your goods and services or against the lowest rates in the country across media spectrums. **Economic Times has voted Natures Essence and Coloressence as the biggest spender in the country in print spends last year with over 10000 full page** inventory across 20 odd papers and 25 odd magazines, in addition to print we have an offer over all **TV and Radio Channels, Magazines, Hoardings Pan India, Cinema Hall Branding, Live Media, Celebrity Endorsements, in Film Placements, TV Commercial Production, Trade Fair Stalls etc.** So if your group is aggressive and backed by healthy cash flows and reserves, take advantage of group buying rates and let your upfront investment buy upto two times more than what your money can buy.

To know more call - 09811324074.

BUY FROM THE FOLLOWING SLABS AT EXISTING CASH RATES OR LESS MUCH MORE MEDIA WITH YOUR UP FRONT INVESTMENT.

25 lakh upfront 35 lakh of media at existing or market cash rates

50 lakh up front 75 lakh of media at existing or market cash rates

100lakh upfront 165 lakh of media at existing or market cash rates

300 lakh upfront 500 lakh of media at existing or market cash rates

500 lakh upfront 1000 lakh of media at existing or market cash rates

Gold Max Trade N Biz Pvt. Ltd.

DARKNESS TO LIGHT

EXECUTIVE SUMMARY:

When electrical goods company Havells acquired Sylvania in 2007, all that it was looking for was growth and a strong global presence. Instead, it had to grapple with a major crisis at Sylvania, triggered by the global financial turmoil. The situation threatened to pull Havells down, and it had to come up with a smart turnaround strategy. This case study looks at how Havells pulled it off.

By MANU KAUSHIK

SHEKHAR GHOSH/www.indiatodayimages.com

THE TURNAROUND TEAM
1. **German Jaime**, General Manager, Andean Region 2. **Rajiv Goel**, President, Sylvania 3. **Angelica Valderrama**, General Manager, Mexico 4. **Anil Rai Gupta**, Joint MD, Havells India Ltd 5. **Rajesh Gupta**, Group CFO and Director - Finance, Havells 6. (Sitting) **Qimat Rai Gupta**, CMD, Havells 7. **Ameet Gupta**, Executive Director, Havells 8. **Surjit Gupta**, Director, Havells 9. **Jose Luis Perez**, General Manager, Central America & the Caribbean 10. (Sitting) **Tiago Pereira**, Country Manager, Costa Rica & the Caribbean 11. **Celso Santos**, Country Manager, Brazil

Qimat Rai Gupta quit his job teaching in a school in Punjab, and came to Delhi in 1958 with ₹10,000 in hand. He started an electrical goods trading company in the old part of the city, but the market was too small for his ambitions. He spotted an opportunity in the distressed Havells brand, named after its founder, Haveli Ram Gupta. He bought it for around ₹7 lakh in 1971, and followed up with a series of acquisitions, joint ventures and entry into new product categories. Today, Havells India Ltd is a ₹7,248-crore company. The journey hasn't always been smooth, but the roughest patch was easily the 2007 acquisition of German lighting and fixtures maker SLI Lighting, owner of the Sylvania brand.

SLI was then the world's fourth-largest lighting company and 1.5 times bigger than Havells. It took Gupta minutes to make up his mind about buying it, while his senior management – including son Anil Rai Gupta, nephew Ameet Gupta and Group CFO Rajesh Gupta – were still weighing the pros and cons.

In February 2007, when negotiations with Sylvania's owners took place, some of Havells's top bosses flew to London to seal the deal. Anil, Havells's Joint Managing Director, recalls the sleepless night before they signed on the dotted line. He and cousin Ameet reckoned they were paying more than they should. "The next morning, I called my father," says Anil. "I told him we have paid €3 million (₹23.4 crore today) more. He said that in the big picture, the figure was insignificant." Havells bought Sylvania for €200 million, plus pension liabilities of €35 million.

Qimat Rai was betting on Sylvania's strong 100-year-old brand in about 50 countries, and its worldwide network of 10,000 distributors and dealers. "My father said we would not be able to replicate these two things," says Anil.

Havells had a track record of five successful acquisitions, and high growth in its Indian operations. In 1983, it bought the loss-making Delhi-based Towers and Transformers Ltd and turned it around in a year. Between 1997 and 2001, Havells also bought ECS, Duke Arnics Electronics, Standard Electricals and Crabtree India. The last was a 50:50 joint venture between Havells and the UK-based Crabtree, and Havells later acquired Crabtree's stake in the JV. India revenues had a compound annual growth rate of 50.08 per cent between 2002/03 and 2007/08. In March 2007, Havells bought Sylvania. And then the global financial crisis struck.

As the meltdown rocked European markets, Sylvania's sales fell, leading to net losses of €16.3 million in 2008/09 and €26.1 million in 2009/10. From €515 million in 2007/08, revenues dropped to €438.4 million in two years.

Trusting Sylvania's management to deal with the situation turned out to be a mistake on Havells's part. Paul

A CLASSIC TURNAROUND CASE

A sequential process involving strategy, plans, identification of possible targets, negotiation, evaluation, streamlining of the final deal, value creation, culture fit and growth aids a successful acquisition. Valuation techniques which take into consideration synergies accruing to buyer and seller, digressions, deal structure, performance measures, cost, market, management of talent, accountability and so on are other critical issues in evaluating a marriage between two companies. The final critical point is that the agreed value of an M&A deal needs to be justified by sales turnover, profitability, cash flows and so on, which the acquisition is supposed to yield. Without establishing the worth of these variables, it is impossible to identify the value of the company being taken over. This said, the €3 million excess paid for Sylvania is marginal, considering the value of the deal was €200 million.

Even after doing all this, the decision to execute a cross-border takeover of a company that is 1.5 times bigger than the acquirer, with worldwide sales and production, is not easy. It appears that much of Havells's post-merger problems was due to environmental factors – an economic downturn and Sylvania's operational inefficiencies. In fact, this can be seen as a blessing in disguise – many tough decisions such as restructuring and layoffs find greater acceptability among staff when the environment is bad. Havells's decisions to close three factories, increase sourcing from cheaper markets, move their focus to Latin America and Asia, and reduce dependence on European markets, competitive pricing, and so on were all steps in the right direction. Likewise, fixed cost reduction was an important first step in the turnaround. Havells also involved the local management in decision-making and let go of their ineffective CEO. True, they could have done this earlier, but it is important to time and sequence one's moves so they don't backfire. It takes time for the results of broad-based changes to show, and Havells has recorded increasing profits year-on-year since 2011.

"It appears that much of Havells's post-merger problems was the result of environmental factors"

BALA V. BALACHANDRAN,
J.L. Kellogg Distinguished Professor of Accounting and Information Management, Northwestern University

Griswold, then CEO of Havells Sylvania, was hired by the company's previous owners, a group of private equity investors that included DDJ Capital, Cerberus Capital Management and JP Morgan. He had turned Sylvania around after it slipped into bankruptcy in 2002 and made it profitable before Havells bought it, but the magic touch eluded him now. The Havells management sacked him.

In September 2008, Sylvania's bankers, led by Barclays Capital, hit the panic button as the company breached its covenants. Put in place by lenders, covenants are a set of financial ratios that the borrower must maintain. Sylvania's acquisition was funded by debt – a €120-million loan based on operating cash flows and an €80-million loan taken out by a Havells subsidiary. Havells repaid €80 million by raising money from the sale of a stake to Warburg Pincus. "Covenant breach was as good as repayment default," says CFO Rajesh Gupta. "The bankers asked us to repay the loan or hand over the company to them."

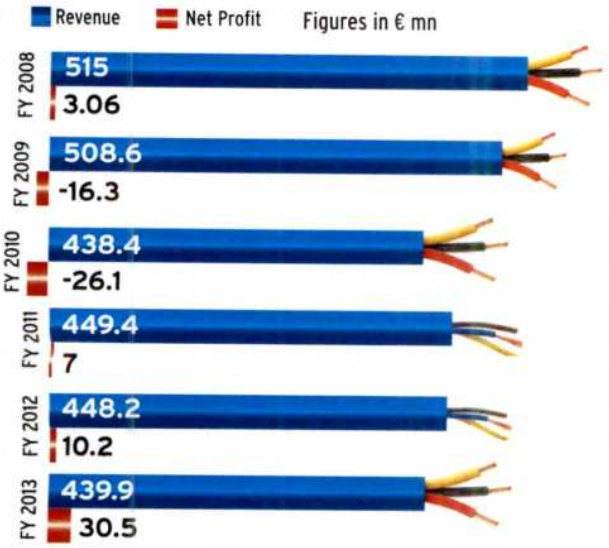
Sylvania's poor performance began to affect consolidated numbers, but Havells's growth in domestic operations made up for Sylvania's losses – for a while, at least. For the Guptas, it wasn't just their money but also their reputation at stake.

In India, investors in Havells were gloomy about the prospects of Sylvania's revival, and were worried it would drag Havells down

Havells's top management drew up an 18-month restructuring plan. In the first phase, called Phoenix (January to September 2009), the aim was to improve profitability by cutting manpower costs and closing factories. The second phase, called Prakram (September 2009 to June 2010), focused on further reducing the headcount, and increasing the sourcing of products from low-cost locations such as India and China.

Layoffs were a challenge, as severance packages cost money and can hurt sales. "The first three months were difficult," says Anil. "We had meetings with the top people at Sylvania. In

To Hell and Back



Source: Havells India Annual Reports

the beginning, some didn't agree with us, but with more meetings, more people turned believers."

The next challenge was to persuade banks, which were reluctant to fund the restructuring plan. It didn't help that the Indian electricals market had crashed. "We told the banks we had goofed up, and asked them to give us six months," says Ameet, who is Executive Director at Havells. The banks agreed only to a two-month deferral of repayment of loans, helping Havells with a €24-million cushion for that period. So Havells poured some €12 million into the restructuring plan.

To begin with, a factory each in Brazil and Costa Rica were closed. Operations at a UK factory were suspended and shifted to India, where labour accounts for four to five per cent of the total cost (in Europe, it accounts for 22 per cent). Non-critical staff – accounts, IT, factory personnel – in European and Latin American operations was also laid off. Some back-office jobs were shifted to India. The total headcount of 3,800 (at the start of 2009) was reduced by 41 per cent to 2,233.

Remarkably, the layoffs did not result in a single day's strike. The company strictly followed labour laws in each country, and ensured that final settlements went off smoothly. "We would give out payments before the due date," says CFO Gupta. Both phases together led to annual savings of €34.4 million. The company also spent around

ABOUT 'US', NOT 'WE' AND 'THEY'

Indian companies' overseas forays have had mixed results. For every JLR, there is a Corus, and for every Taro there is a Zain or an Imperial. If one looks at India Inc's 20 largest overseas deals so far, the majority appear to have hurt financial health. The issue could be the price paid, financing, the global economic scenario, or how the company went about managing its investees after the acquisition. The last is possibly the most important.

From the large number of overseas purchases by emerging Indian majors, Havells's acquisition of Sylvania is amongst those that have got the most attention. It is easy to see why. It is a turnaround story – something larger Indian companies have struggled to achieve. Two things contributed to Havells's success in turning Sylvania around: acceptance of the challenges facing Sylvania a year after the acquisition, and the collaborative way in which restructuring was carried out.

In the year following the acquisition, Havells let the business run as is. As it began to struggle, it was quick to learn that Sylvania's business had been reconstructed few years earlier by private equity investors. What was missing, however, was the passion to create a sustainable business, something that Havells itself has done over the years. It redeployed its thin management resources to Sylvania and launched a restructuring programme. Some senior executives left. Havells worked with the second line of Sylvania's management to turn around the business together. Havells was able to convey that it was not "taking over", but sought to work jointly with the local management to salvage the Sylvania brand (where Havells saw great value). Havells sought to ease supply-side bottlenecks and restructure operating costs, including headcount reduction. The strategies were largely executed by the local management, so the restructuring seemed to be about "us", rather than "we" and "they". I attribute the success of Sylvania's restructuring to the Havells leadership. It is an example for India Inc.

The views expressed here are personal.

"Havells was able to convey that it was not 'taking over', and that it sought to work jointly with the local management"

SANJEEV KRISHAN,
Executive Director and Leader - Private Equity, PwC

WE CONNECT THE DOTS YOU CANNOT EVEN SEE

February 2013: BT predicts the return of N.R. Narayana Murthy to get Infosys back on track

June 1, 2013: Murthy returns as Executive Chairman of Infosys

We see what others miss
We tell you what others won't tell
We keep you ahead of the curve

business today

India's **No.1** Business Magazine

€4 million less on the restructuring than the €36 million anticipated.

Besides reducing the headcount, several areas were targeted including logistics, inventory management, and product pricing. Havells worked closely with logistics companies and shut down some warehouses, reducing logistics costs from 14 to six per cent of total cost.

To reduce the working capital requirement, the amount of inventory at the company level was cut from €70-75 million to €40 million without affecting the ability to serve customers on time. Since 2007, outsourcing from India and China has jumped from 38 to 60 per cent.

Sylvania's products were priced 15 per cent lower than those of rivals Philips, Osram and GE. This was of little help to Sylvania, which makes high-end products, and also diluted the brand. "We raised prices in Europe and Latin America by five to eight per cent," says Sylvania's global operations head Rajiv Goel. He adds: "For some 20-odd years, Sylvania was owned by financial institutions looking for short-term gains. We told employees that we are here for the long term."

Angelica Valderrama, head of Mexican operations, who joined Sylvania 15 years ago, says: "Unlike the earlier management, we were given flexibility to think about new ways to earn profits."

The results soon began to show. In 2010/11, Sylvania made a net profit of €7 million on revenues of €449.4 million. Since then, profits have grown steadily: €10.2 million in 2011/12 and €30.5 million in 2012/13, although revenues stayed somewhat flat (€449.4 million in 2011/12 and €439.9 million in 2012/13). The company has seven factories (it closed one more in the UK in 2009) and a workforce of 2,200 in 50 countries.

The persistent slowdown in Europe remains a concern for Sylvania. Europe contributes 55 per cent to its top line, down from 70 per cent some years ago. "The macroeconomic situation in Europe is not hunky-dory," says Rahul Gajare, analyst at Edelweiss Securities. "The construction sector in Europe, which is expected to drive Sylvania's growth, is subdued."

Joint Managing Director Anil says Sylvania will grow through acquisitions in areas such as lighting, switches and mini circuit breakers. "We have the financial capability and managerial bandwidth to make a €50-200 million acquisition."

Soon after the restructuring, Sylvania shifted its global headquarters from Frankfurt to London with the aim of multiplying its growth prospects. The brand has literally gone places – among the things it lights up are the National Museum in New Delhi, Madame Tussauds in London, the Channel Tunnel and IndiGo aircraft. ◆

What do you think was key to Havells's success in turning Sylvania around? Post your comments at businesstoday.in/casestudy-havells. The best response will be published in the magazine and will also win a copy of a Harvard Business School Press pocket mentor. Previous case studies are at www.businesstoday.in/casestudy.

BEST OF THE LOT

***BT* receives scores of responses to its case studies. Below is the best one on the Eicher-Volvo tie-up (June 23, 2013).**

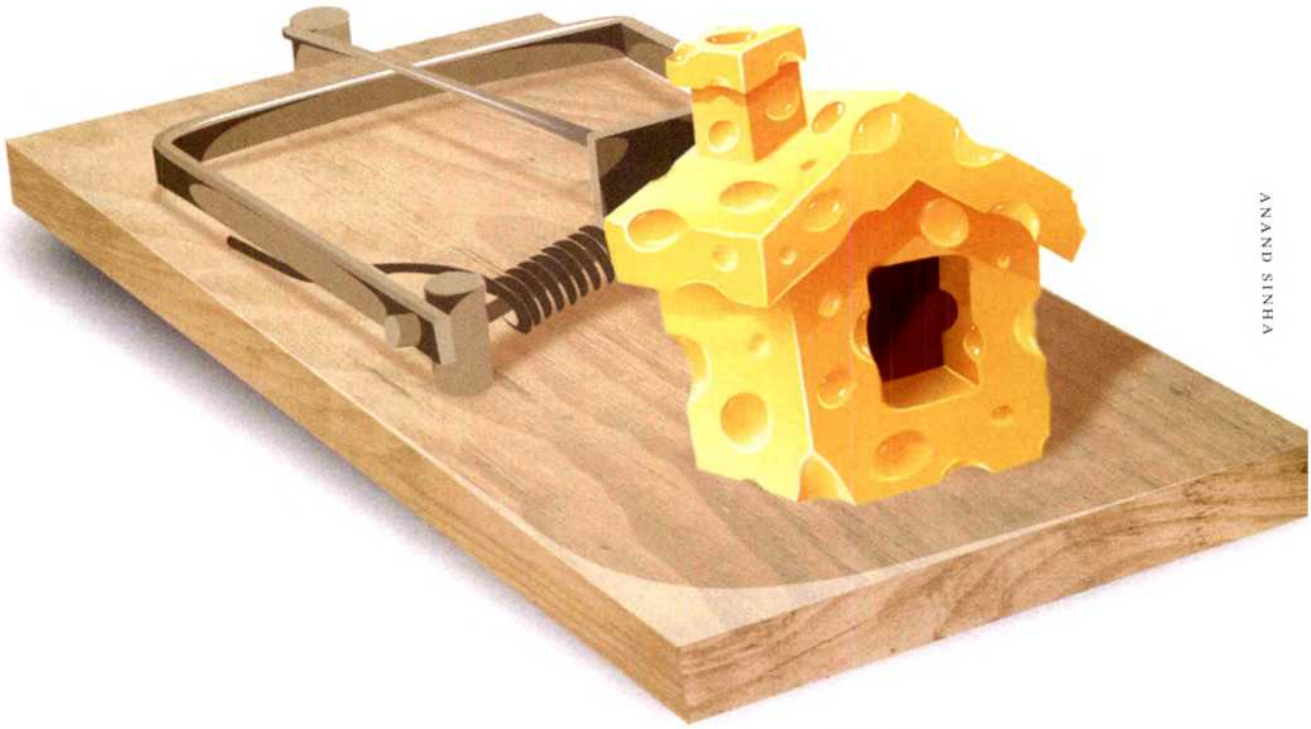
Roy D. Rozario

The Eicher-Volvo joint venture (VECV) is high on the initial mandate of the 4Cs of partner fit. Both Eicher and Volvo converge in their interest in scaling up their volume in the commercial vehicles industry. The complementing strengths are so perfectly aligned that they weed out each partners' weakness. And as evinced from the revenue growth, both partners seem compatible. Volvo's global distribution network, technology and financial muscle were just what Eicher needed to leverage its mass-market products with frugal engineering that is important in an emerging market like India. The synergistic strengths of this joint venture have the potential to overpower rivals such as Tata Motors, Ashok Leyland and Daimler. Volvo could use Eicher's brand name in developing markets, and could enter South East Asian markets with the joint venture model. This joint venture model is an excellent example of matching complementing strengths. This model could be adopted across other verticals. However, as with any joint venture company, long-term prospects are still hazy - consider the erstwhile Hero Honda and TVS Suzuki. And because there is an asymmetry in investment in VECV, this could pose problems in decision-making, division of profits, and so on. Thus, on paper, the VECV is an ideal amalgamation of strengths. The main concern would be long-term mutual viability for its members. Thus, it would be better for both partners to plan exhaustive agreements that are mutually beneficial.

Roy D. Rozario wins a Harvard Business School Press pocket mentor

MONEY

KEY DOCUMENT
BEFORE MOVING INTO YOUR NEW HOUSE, ENSURE YOU GET THE OCCUPANCY CERTIFICATE, WITHOUT WHICH YOU MIGHT NOT GET BASIC AMENITIES



ANAND SINHA

Beware the Traps

Some of the common ways in which real estate developers try to cheat property buyers. By PRITAM P. HANS

India's real estate industry is notorious for its lack of transparency. Buyers often find themselves locked into properties which have serious flaws or paying for things they neither wanted nor need. Worse, without their knowledge, they might be made to shell out more to fund fines levied on builders. To tackle the problems, the government has decided to set up a regulator – the Union Cabinet has already cleared the Bill okaying this. But till the regulator becomes a reality, buying property remains a risky task. Buyers often find themselves stuck with properties whose construction is not even entirely legal. To avoid this, some knowledge of the tricks developers play on buyers is worth having. Here are a few widespread ones:

Development Plans: All construction has to adhere to the National Building Code. Most developers do get their plans cleared by the authorities, but some do not adhere to them strictly. "In most cases, the building is not built according to the plan submitted. The violations range from the height of the building to margins," says Vikas Malpani, Co-founder and Vice President (Communities), CommonFloor.com, a real estate portal. "Some builders think even if they violate rules, their buildings will be regularised later by the concerned urban local body," he adds.

Value Addition: Recreational clubs and other amenities, such as gyms, can be another issue, as buyers have no option but to pay for these. "Buyers are usually not given the option of not buying club membership and other amenities. Legally, it should not be done, but it is a common practice these days," says Samarjit Singh, Managing

Director, India Homes, a New Delhi-based property brokerage. What is worse, in some townships and projects that promise a grand lifestyle, developers do not transfer the ownership of facilities with commercial value, such as club house, gym and tennis court, to resident associations. "Builders retain rights over such facilities in the builder-buyer agreement and profit from them. In such an arrangement, residents end up paying for maintenance while the builder enjoys ownership rights," says Malpani.

Saleable Area: In a building, the maximum built-up area is linked to plot size. The ratio of built-up floor area to plot size is called the Floor Space Index (FSI) or Floor Area Ratio (FAR). It is different for different localities. Some spaces, such as balconies, terraces, voids and open parking lots, are not included in the FSI calculation because these cannot be monetised. However, in many cases, once the layout has been approved, developers convert these into habitable spaces through 'creative construction' and charge based on the super built-up area, i.e., the total area of the apartment plus its share of common spaces. "It is difficult for buyers to calculate the super built-up area," says Sachin Sandhir, Managing Director, RICS (Royal Institution of Chartered Surveyors) South Asia, a professional real estate body.

Development Charges: Developers have to pay 'external development charges' (EDC) to the government for civic amenities such as roads, water and electricity supply, sewerage and drainage. The EDC is fixed by the local authorities and is passed on to buyers in proportion to the built-up area of their properties. The EDC is clearly mentioned in the agreement. In the normal course, this is no problem. But there have been cases of projects running into trouble with developers failing to pay the EDC amount to the authorities. If EDC is not deposited on time, a penalty is imposed. Some developers pass on the penalty to buyers. You can check the EDC rates by visiting the local town planning authority.

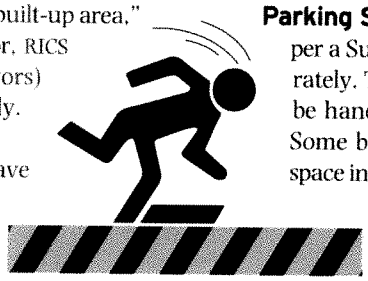
Clearance Certificates: For new constructions, developers have to seek clearances from the local authorities. When the building is ready, the local authority awards a completion certificate stating that the approved plan has been followed. This is mandatory for getting basic amenities such as water and power. But this certificate alone does not give occupation rights. There is also an occupancy certificate, which is awarded after authorities check that the rules for fire safety, elevators, electrical wiring, water supply and waste disposal have been followed. "The occupancy certificate is issued by the same authority that sanctions the plan. It does so after verifying that the building has been constructed according to the plan," says Sandhir of RICS. Living in a building without an occupancy certificate can be difficult. "Without it, residents may not be able to get water and sewage connections. The local authorities can also demolish buildings that do not comply with their by-laws," says Malpani.

Many developers, especially the small ones, do not take the trouble to get occupancy certificates. "Builders escape using various loopholes in the law. Having invested their money, and waited for years, buyers move in without basic amenities, fearing they may lose the property," says Singh. There are other problems too. Lenders do not finance properties without occupancy certificates at the resale stage.

Parking Space: Parking space within a building, as per a Supreme Court verdict, cannot be sold separately. These are common spaces, which have to be handed over to the society for management. Some builders now include the cost of parking space in the quoted price and mention it in the sale deed. But in most cases, home buyers have to pay extra for parking, that too in cash and without proper documentation. Though builders cannot sell parking spaces separately, they still allot it to buyers. This allows them to charge ₹1 lakh to ₹1.5 lakh per space. But even after this, the actual allocation is done by the housing society, the rightful owner of all common areas.

Advantage Builder: Builder-buyer agreements blatantly favour developers. The buyer has no role in deciding the terms and conditions. For instance, builders insert a price-escalation clause, which allows them to change the area of the apartment as well as revise the price. You can never be sure if the price you are being charged is justified or not. "Every developer follows his own standards for valuation and price fixing. Sometimes, a new launch may be at a higher rate than the prevailing market rate. This impacts pricing in the entire region," says Sandhir of RICS. ◆

Courtesy: *Money Today*



Watch Your Step

What buyers can do to avoid being shortchanged by builders

Compare the actual construction of the building with the construction plan approved by the authorities

Ensure 'the external development charges' billed are not more than what the builder has paid

Physically measure the space inside the apartment and the width of the walls to arrive at the actual built-up area and carpet area

Refuse to accept possession of a property unless copies of valid completion and occupancy certificates are provided

business today
POWER BREAKFAST
in association with
The Oberoi Group

Innovation Imperative

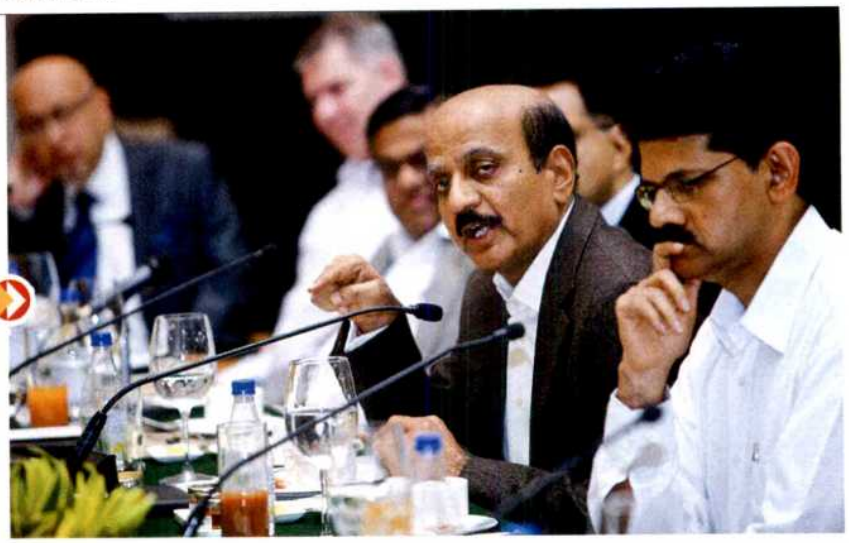
At the second *Business Today* breakfast meet, held in Hyderabad, CEOs brainstormed on ways to spur innovation, particularly in a downturn. By E. KUMAR SHARMA

PHOTOGRAPHS BY A. PRABHAKAR RAO/WWW.INDIATODAYIMAGES.COM

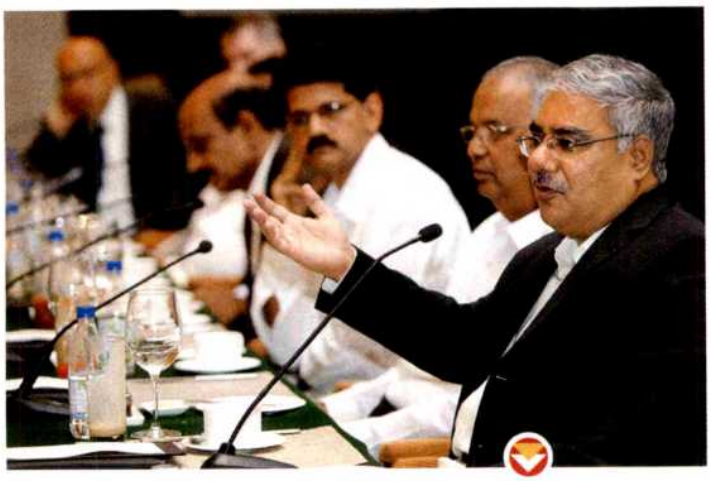
Change Agents:
(From left to right) Laxmikanth Venkatraman, Broadridge Financial; Rajeev Nannapaneni, Natco Pharma; Edwin Kolen, CtrlS Datacenters; Samir Dhir, Virtusa; N. Krishna Reddy, Care Hospitals; S.P. Vasireddi, Vimta Labs; Chaitanya Kalbag, Business Today; Ravi Kailas, Mytrah Energy; Vivek B. Gadgil, L&T Metro Rail Hyderabad; Sharad Puri, Trident; Debasis Chatterji, Netxcell; K.V. Vishnu Raju, Anjani Portland Cement; C. Krishna Prasad, Granules India; K. Srinivas Rao, The Strategist HR Advisory Services; and Josey Puliyenthuruthel, Business Today

It seemed like a well-coordinated effort at time management by a motley group of business executives. At 8 am on a rainy morning in Hyderabad, 14 CEOs stepped into the Kaveri-Godavari conference hall of the newly constructed Trident hotel in Cyberabad, the technology hub of Hyderabad. They were there to take part in *Business Today*'s Power Breakfast meeting, the second in a series of interactions held in association with the Oberoi Group. While it continued to drizzle outside, the discussion took off over plates of masala idli and sambhar, banana pancakes, fruits and much else. *BT* Editor Chaitanya Kalbag, along with Managing Editor Josey Puliyenthuruthel, led the discussion on "Why innovation is crucial for business, especially in a downturn".

The industry leaders present were Rajeev Nannapaneni, Vice Chairman and CEO, Natco Pharma; B.V.R. Mohan Reddy, Chairman and Managing Director, Infotech Enterprises; S. Sivakumar, Group Head for agriculture and IT businesses at ITC; N. Krishna Reddy, CEO, Care Hospitals; C. Krishna Prasad, MD, Granules India; Debasis Chatterji, CEO, Netxcell; Edwin Kolen, Chief Operating Officer, at CtrlS Datacenters; K. Srinivas Rao, Chief Strategist and Partner at The Strategist HR Advisory Services; K.V. Vishnu Raju, CMD, Anjani Portland Cement; Laxmikanth Venkatraman, MD, Broadridge Financial Solutions (India); Ravi Kailas, Chairman, Mytrah Energy (India); S.P. Vasireddi, Executive Chairman, Vimta Labs; Samir Dhir, Executive Vice President and Chief Delivery



Making a Point: B.V.R. Mohan Reddy (second from right), Chairman and Managing Director at Infotech Enterprises, said organisational environment needed to be corrected to boost innovation



Open House: S. Sivakumar (right), Group Head for agriculture and information technology businesses at ITC, said employees in his company are encouraged to look at both profitability and inclusive growth

Officer at Virtusa; and Vivek B. Gadgil, CEO and MD, L&T Metro Rail Hyderabad. The lunch was hosted by Sharad Puri, General Manager, Trident, Hyderabad.

The CEOs were buzzing with ideas. Srinivas Rao of The Strategist said it was time to stop thinking that innovations can only come from research and development labs. To Vasireddi of Vimta, the demands of the current challenging times were clear. "Innovate or perish," he said. "We should be able to improve the service quality or performance levels by at least 40 per cent and if it is a product, it should get at least 40 per cent cheaper."

Natco's Nannapaneni felt Indian drug makers had played a crucial role in innovation. "If it was not for the Indian pharmaceutical industry I don't think we would have affordable health care around the world."

To a question on the education system and what fixes were needed to discourage learning by rote and foster an enquiring mind, the CEOs had some interesting observations. Chatterji of Netxcell said there was a need to "train the trainers (teachers)", while Mohan Reddy of Infotech Enterprises felt the environment and culture of organisations needed to be corrected. Anjani Portland's Vishnu Raju, who also runs a chain of engineering colleges in Andhra Pradesh, said mentoring of faculty and constant engagement with industry would play a crucial role in improving the education system.

Executives discussed ways to promote a culture in organisations that spurs innovation. Sivakumar talked of the culture at ITC where employees are encouraged to look at both profitability and inclusive growth. Laxmikanth of Broadridge said innovation was a leadership issue and required investment of time and effort. He shared an experience within his company where a portal had been created for anyone to post a problem. "In the last three-and-a-half years since we launched it, we have got 1,800 ideas, close to 170 of these have been approved for execution and 10 among them were multi-million dollar solutions."

Krishna Reddy of Care Hospitals talked about innovation in health-care delivery models and financial models with the evolution of micro-insurance products. Virtusa's Dhir said ideas are not going to come from the corner office but from people who interact with customers on a daily basis.

Natco's Nannapaneni also said a culture of accepting mistakes was needed to encourage innovation. There is a fine line between failing and not doing things properly, and sometimes companies will need to be "willing to lose money to make money". ◆

Send comments to editor.bt@intoday.com

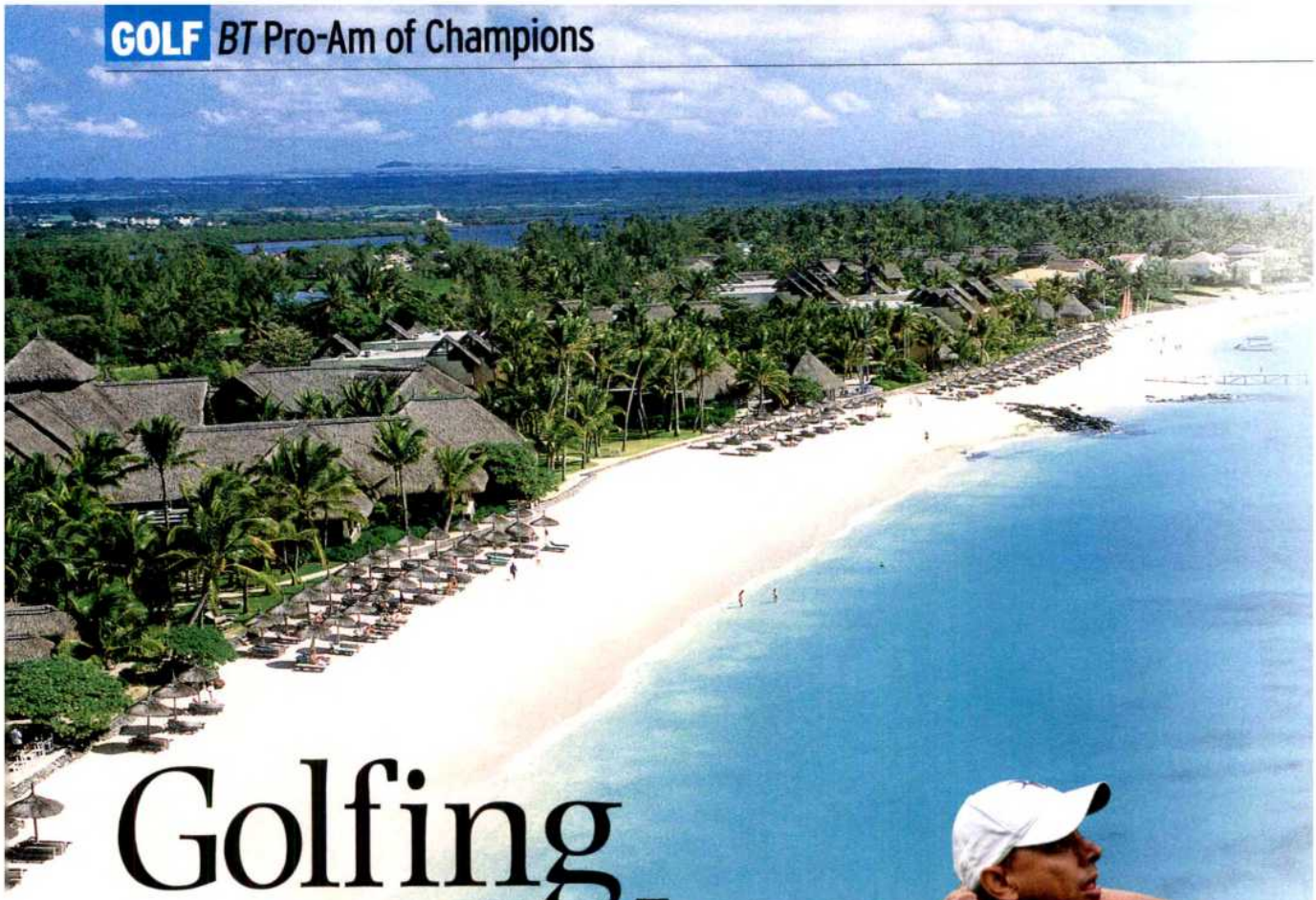
MAIL TODAY
News for the new world

INDIA TODAY GROUP

The first ever
MAIL TODAY SURVEY
on
PRIVATE ENGINEERING & TECHNOLOGY INSTITUTES
in Delhi NCR & Uttar Pradesh

Watch out the first ever MAIL TODAY - INDUS LEARNING Survey on Top Private Engineering & Technology Institutes. A survey which will evaluate more than 74 engineering and technology institutes in Delhi NCR along with institution from Meerut, Lucknow, Kanpur, Allahabad, Varanasi and Agra in Uttar Pradesh.

Check out the online analysis of the ranking at www.mailtoday.in



Golfing in Paradise

The picturesque Belle Mare Plage in Mauritius provided a perfect setting for the international leg of *BT* Pro-Am of Champions. By VIPUL HOON

The international leg of the *Business Today* Pro-Am of Champions held in June was a fine mix of business and leisure. With its two 18-hole championship golf courses and a beach spread over two km on the east coast of Mauritius, protected by coral reef, the Constance Belle Mare Plage resort played the perfect host.

From the moment the golfers arrived at the luxurious resort and had lunch at the scenic Deer Hunter restaurant in the clubhouse of the Legend Golf Course, there were continuous requests for a round of golf. A practice round was played at the Links Golf Course in the morning on June 23. The course was truly a golfer's delight, with beautiful undulating fairways and large manicured greens.

On June 24, 16 CEOs teed off for the finals at the Legend, a tight course with narrow fairways and water bodies on almost hole, which require a calm and precise approach. The participants included Tarandeep Singh, Director at Aon Hewitt; Alok Malhotra, Senior Vice President at Li & Fung and former MD at Tommy Hilfiger; Akshay Kilachand, Director at

BRYS GROUP presents business today PRO-AM OF CHAMPIONS 2013

Rajesh Sanghi, Owner, Sah & Sanghi

Let the good times roll! The participants pose together for a group shot before the event

(From left) **Gert Puchtler,** GM, Constance Belle Mare Plage; **Ashish Bagga,** CEO, India Today Group; **Rahul Gaur,** CMD, BRYS Group; **Rohit Jhawar,** Director, Usha Martin Ltd **(winner in 0-14 category);** and **Derek Shanks,** EVP, Commercial, Air Mauritius

(From left) **Gert Puchtler,** GM, Constance Belle Mare Plage; **Ashish Bagga,** CEO, India Today Group; **Rahul Gaur,** CMD, BRYS Group; **Manish Aggarwal (winner in 15-24 group);** and **Derek Shanks,** EVP, Commercial, Air Mauritius

Indian Commercial Company; Prashant Purker, Executive Director at ICICI Venture; former cricketer and TV commentator Nikhil Chopra; and Rohit Jhawar, Director at Usha Martin Ltd.

Strong winds and occasional showers made the course, a regular venue on the European Senior Tour, really demanding, and most participants ended up posting high numbers. Jhawar, winner in the 0-14 handicap category, bogeyed the fifth hole and double bogeyed at the sixth. A pint of local 'Phoenix' beer seemed to calm his nerves down and he made three birdies over the remaining holes for a score of 42 stableford points.

Manish Aggarwal, who came out on top in the 15-24 group, had a somewhat similar experience. "No one in my four ball (team) could imagine that after scratching out the first two holes I would manage to win, and this was the biggest learning I had in the tournament."

At the gala dinner held at Deer Hunter, the guests, including the participants and their families, were welcomed with a performance of the local cultural folk dance *Sega Mauricien*. A live band played while the guests enjoyed their four course dinner. The *Sega* dancers later joined in, making for a really boisterous celebration. The winners, meanwhile, were awarded a trophy and a Victorinox Bag each.

Since the Air Mauritius flight back home was in the evening on June 25, the morning was spent shopping, sightseeing or at the spa.

Constance Hotels and Resorts and Air Mauritius are to be commended for hosting and making the trip such a memorable experience for all the participants. ◆

ON THE 67TH INDEPENDENCE DAY

HIMACHAL: Taking a Himalayan Initiative on Environment

Sustained development in harmony with environment and ecology is a unique feature of Himachal Pradesh, which makes it a pioneer in environment conservation. The State has adopted path-breaking strategies for protecting the fragile Himalayan ecology and maintaining clean and green environment.

SHRI VIRBHADRA SINGH
Chief Minister, Himachal Pradesh

Forests of Himachal have special significance in maintaining the fragile eco-system of Western Himalayas and constitute 66.5 per cent of total geographical area of the State. Total economic value of the forests of the State including intangible benefits, viz. watershed value, carbon sink value, eco-tourism value etc. has been estimated at about Rs. 1.5 lakh crore. Ecological conditions of the State have a direct impact upon rest of the northern states of the country, therefore the responsibility of the State has increased manifold. The State of Himachal Pradesh is quite sensitized to the National responsibility and has volunteered to refrain from exploiting the lucrative forest wealth.

Besides imposing complete ban on green felling in the State, afforestation is being adopted as a mass movement. Himachal Pradesh has a wide variety of wetland spread over various ecological zones. The State has three Ramsar sites namely Pong, Renuka and Chandertal. Besides, Rewalsar and Khajjiar have been included in the list of Wetland of National Importance by the Union Ministry of Environment of Forestry. Wetland Conservation programme is being implemented for scientific management, conservation and restoration of wetlands. Local community, stakeholders, students and teachers are being actively involved in spreading awareness about importance of wetlands.

Special stress is being laid on spreading awareness regarding conservation and preservation of environment by involving Eco clubs, NGOs and other institutions in the State. National Green Corps Programme has been launched in the schools by establishing 100 eco-clubs in each district. The main objective of National Green Corps is to spread environmental awareness and carry out action based programmes for protection and improvement of environment by involving school children. As many as 3000 eco-clubs have been established in the State so far.

To encourage schools to improve their environmental performances and for monitoring it in a transparent way, Environment Audit Scheme has been launched for eco-clubs in the State. The audit is based on five thematic areas i.e. water, air, land, energy and waste.

The Government is preparing a Science & Technology Vision 2030 document for the State. This would ensure that benefit of science and technology reaches the rural areas up to the village level for sustainable development in Himachal Pradesh. To strengthen the infrastructural facilities under Disaster Management Programme of the State, Centre on Climate Change Radon Instrument has been procured and the installation process is being undertaken. This instrument would be used to carry out earthquake precursor studies in Himachal Pradesh. Besides this, monitoring of Nardu glacier has been done under the programme funded by Government of India and mapping of the said glacier has been undertaken for preliminary interpretation of the data.

It is the endeavour of the State Government to make Himachal Pradesh a role model of sustainable development. The State has received a Development Policy Loan (DPL) of Rs 549 crore from the World Bank. Out of this, the Government of India has provided Rs 495 crore as grant to the State. The State Government is also aiming to access another Rs 500 crore from the World Bank from the Clean Technology Fund during the current financial year.

In order to facilitate decision making and greater transparency, the State Government aims to invest resources to promote use of Geographic Information System (GIS) in decision making. The monitoring and evaluation of Government schemes and programmes are being scaled-up. All the major departments are being covered for developing Desktop and Web based applications in the State in the Aryabhatta Geo-Informatics & Space Application Centre (AGiSAC) to facilitate the use of spatial and geo spatial technologies for planning and implementation of developmental programmes activities in the State more effectively.

Bio Carbon Project is being implemented in the State to ensure benefits to the masses, besides forests and environment conservation. The project is being implemented under the Mid Himalayan Watershed Project. Already 602 Gram Panchayats are part of the Mid Himalayan Watershed Development Project and 203 have been included in Carbon Credit Sub Project benefiting lakhs of people. 102 additional Gram Panchayats are being covered under this project at a cost of Rs 175 crore.

Watershed development helps in achieving soil conservation and retention of moisture in the soil by recharging of ground water resources and creation of water storage structures. Thus, the State Government is laying stress on bringing an additional area of 33,000 hectares under Integrated Watershed Management Programme at a cost of Rs 105 crore. The farmers would be encouraged to build water tanks on their land for irrigation under this scheme.

The State Government is encouraging pollution-free, income generating and employment oriented industrial units in the State, but at the same time it is ensuring that the salubrious and pristine environment of the State is not damaged. A Sub Committee is being constituted under the Chairmanship of Chief Secretary to give suggestions to check illegal mining in the State. Wide altitudinal ranges and varied topography of Himachal Pradesh has resulted in making the state a rich repository of wild fauna and flora. To conserve the entire range of biodiversity, the state has established a network of 'Protected Areas', comprising 2 National Parks and 32 Wildlife Sanctuaries. Appropriate legislation related to wildlife conservation has also been put in place. Total ban has been imposed on hunting of wild animals since 1984, which has resulted in enriching bio-diversity of the State.

H.P. State Pollution Control Board has been undertaking pathfinder initiatives to ensure development in harmony with environmental considerations.

SHRI VIRBHADRA SINGH
Chief Minister, Himachal Pradesh

PATHFINDER INITIATIVES

Himachal Pradesh, famed as a tourist's paradise for being blessed with Nature's boundless bounty, is also taking rapid strides towards industrial and economic development. The State also has to its credit various bodies and agencies to help it strike a rational balance between growth and environmental preservation. Notable among them is the Himachal Pradesh State Pollution Control Board (HPPCB), constituted under the provision of Water (Prevention and Control of Pollution) Act, 1974.

The State Board is a nodal agency for prevention & control of pollution and so also protection of environment in the framework of regulations. Following are some of the landmark achievements of the HPSPCB:

ENVIRONMENTAL GOVERNANCE:

The State Board has undertaken following initiatives which have been effective in providing efficient, transparent and prompt service delivery to the users, curtailing the delays and also increasing productivity by reducing the use of paper and obviating the unnecessary travel costs:

- The Board was the first in the north India to adopt fully web-based consent mechanism. This has been appreciated by the industries' associations as well as confederation of Indian industry;
- Online real-time monitoring of air emissions in all the cement plants has been initiated and the data is being uploaded in public domain; the process is on to getting the data transferred to CPCB and HPPCB servers;
- As hydropower is the major developmental thrust area for the state government, Himachal was the first state in the country to introduce the concept of maintaining minimum flow in its rivers by making 15per cent of lean flow available in the rivers throughout the year. 15 hydro projects have so far already installed real time monitoring mechanism;
- Fully web-enabled online real time monitoring of minimum flow of 15 per cent water availability has been made mandatory for major hydropower developments;
- The Board has installed the video-conferencing facility with its regional offices for prompt decision making and service delivery to the end-users and the people of the state.

SHRI. K. S. PATHANIA
Chairman, H.P. State Pollution Control Board

PLASTIC MANAGEMENT:

- Himachal, bestowed with the Prime Minister's Award for Sustainable Plastic Waste Management in 2011-12, is the first state in the country which had banned the manufacturing of poly-ethylene carry bags way back in 1999 and the process of its management is still being continued with the involvement of public;
- In sync with the state's campaign for using the plastic waste for construction of roads, the State Board has contributed towards propagation of technology in this effort.

PUBLIC INTERFACE:

- The State Board, an ISO 9001: 2008 accredited organisation, has been interacting with the public by way of public hearings, interactive meets on the World Environment day, Pollution Prevention Week, etc;
- On festivals, the State Board issues mass appeals through media for environment-conscious celebrations and it has been noticed that the level of pollution over the years has reduced substantially.

Thus it is clear that in its pursuit of attaining the objectives enshrined in the environmental legislations, the HPSPCB has been steadfastly following the principles of sustainable development. Also, continuous efforts are being made by the Board to expand its activities to fulfill the needs of current as well as emerging environmental concerns, challenges and new statutes.

H.P. STATE POLLUTION CONTROL BOARD
Him Parivesh, Phase-III, New Shimla

INDIAN HIGHER EDUCATION SERIES

NEW-AGE UNIVERSITIES MAKE INDUSTRY-INTEGRATION CORNERSTONE OF INDIAN HIGHER EDUCATION

A recent Economic times report earmarked almost 47% of graduating Indian students as being unemployable. This sad truth is proven by Indian industry which has had to struggle to find ways of working around the lack of job-preparedness of students passing out of Indian universities and institutions. Leading corporates such as Infosys, TCS, and Wipro have gone the distance to establish the equivalent of corporate finishing schools to bridge the gap between students' theoretical abilities and job-ready skills. Most corporates have elaborate orientation and training programs to bring entry levellers up to spec. Government universities and institutes have built this productivity -draining gulf by emphasising rote-learning instead of building thinking processes and universal analytical skills.

With the ingress of new private universities over the last decade, higher education has moved from shortage to excess capacity. While all kinds of players rushed in to the private sector university education space, most of them have merely skimmed pent-up market demand and many have no vision to provide world-class education. In the course of the following consolidation, many have been eliminated, leaving only the more academically sound players to move forward. Even among the surviving players, the paradox is that while there is still excess higher education capacity, a very small part of this excess supply is actually quality - oriented. And thus good quality education is still in terribly short supply.

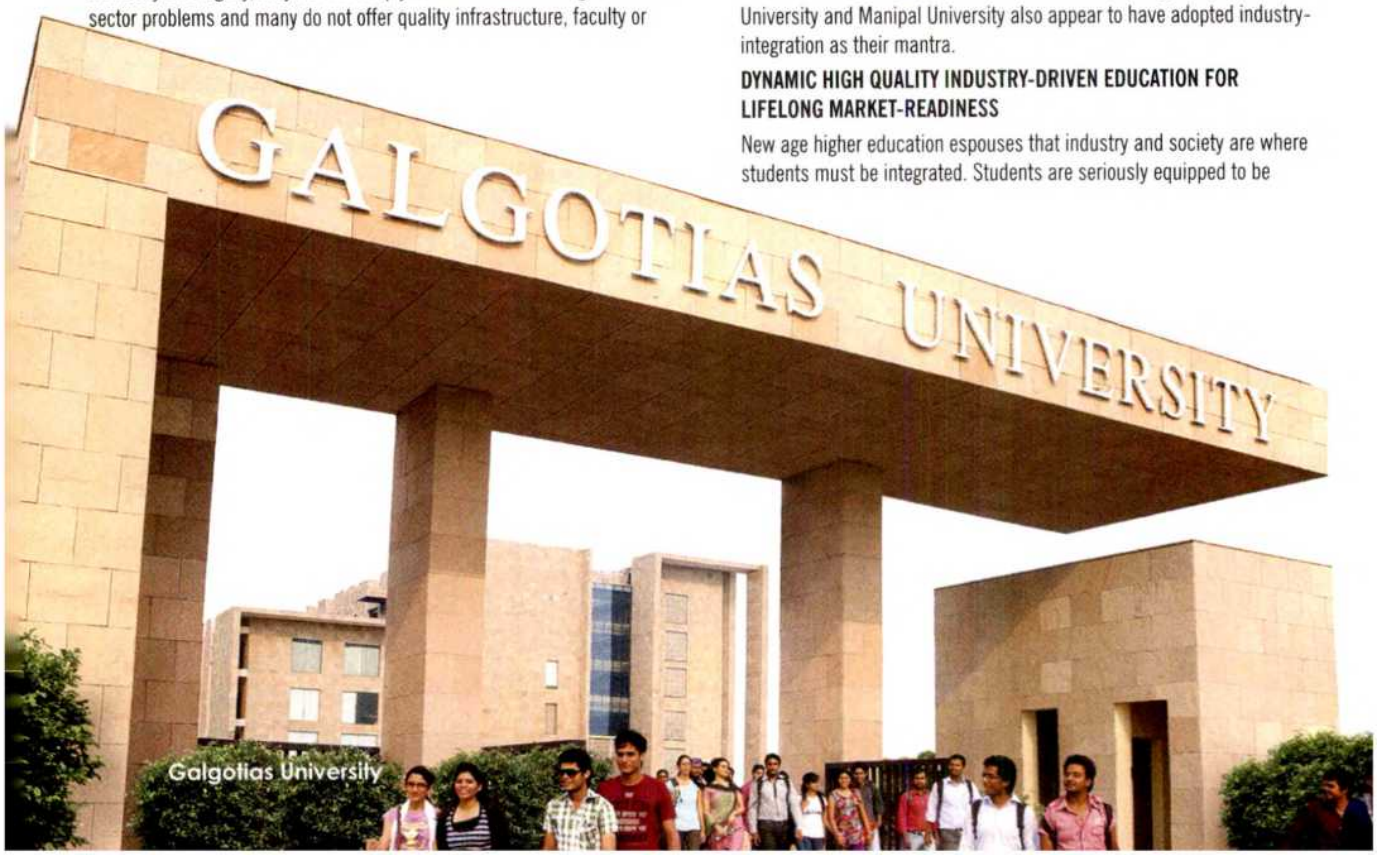
Though premium government institutions and universities have the sheen of history and legacy, they too are deeply beset with the usual government sector problems and many do not offer quality infrastructure, faculty or education processes. Even their syllabi fall out of date on account of bureaucracy. Cabinet Minister Jaiaram Ramesh gave voice to this depressing view not long ago : "There is hardly any worthwhile research from our IITs. The faculty in the IIT is not world class. It is the students in IITs who are world class." And its unfortunately true that no IIT or IIM features in the Global Top 200 list of the world's best institutions and universities. Which is why students are queuing up at new-age private universities because they offer excellent faculties, syllabi, pedagogies and education processes, that are taking the Indian education landscape into the 21st century.

THE MANTRA OF THE NEW-AGE PRIVATE UNIVERSITIES – EMPHASIS ON THINKING, ANALYTICAL SKILLS & PROBLEM SOLVING, INSTEAD OF ROTE-LEARNING

Shares Suneel Galgotia, Chancellor, Galgotias University, "It is unfortunate that Indian students are deemed successful by memorising textbook knowledge. In universities abroad, the emphasis is on whether they can apply their knowledge to test situations; and on their analytical and problem-solving skills. Galgotias University has developed a system which combines the full academic power of outcomes-based education and deep respect for rock-solid knowledge. To achieve this fully, we involve industry at every step under different models of guidance." Serious premium private universities such as SRM Chennai, Galgotias University, Greater Noida, Symbiosis University Pune, Dhirubhai Ambani Institute of Information and Communication Technology, Nirma University and Manipal University also appear to have adopted industry-integration as their mantra.

DYNAMIC HIGH QUALITY INDUSTRY-DRIVEN EDUCATION FOR LIFELONG MARKET-READINESS

New age higher education espouses that industry and society are where students must be integrated. Students are seriously equipped to be



Galgotias University

market-ready through industry-led syllabi and intense interface across the complete education span. These universities have gone the extra mile to create best-in-class, global-level education infrastructure in conjunction with industry partners and their campus and facilities challenge the best anywhere in the world. Galgotias University has entered into strategic alliances with an array of blue-chip industry partners : IBM for the MBA in Business Analytics program and the B.Tech Computer Science and all the connected infrastructure for these programs; KPMG for different programs in the School of Business and the School of finance & Commerce; and Max Institute of Healthcare, Education and Research for the School of Nursing.

WORLD-CLASS FACULTIES DRIVE ALL-ROUND EXCELLENCE AT PRIVATE UNIVERSITIES

The few premium private sector universities that have adopted the principles of outcomes-based education, work ceaselessly to build faculties that foster a research-oriented approach to education and build an industry-integrated culture.

Observes Suneel Galgotia, Chancellor, Galgotias University, "World class faculty is the finest and rarest resource when you impart revolutionary, quality education. The senior faculty at Galgotias University are fine academicians who have headed research facilities and faculties across USA, Europe and Asia - and of course, India. Our distinguished faculty is led from the front by our VC, Dr. Ashok Saxena, a distinguished scholar and academician, who has served as Dean at Georgia Tech, USA, one of the world's top 10 tech institutions, where for 35 years he created excellent academic rigour and institutional character for Georgia Tech and all the industries associated with the institution. As Pro VC and Dean of The School of Business, we have had Dr. Balaji Rajagopalan, who has been pursuing academic excellence for the last 25 years in the USA and as Associate Dean, set the School of Business at University of Oakland reaching for new heights of academic excellence. We also have as Pro VC and Dean of the School of Engineering, Dr. Sham Tickoo from Purdue University, a distinguished academician and author whose books are standard engineering texts. We can already see the rigourous changes across the entire student body."

FOREIGN UNIVERSITY TIE-UPS FOR PROVEN EDUCATION PROCESSES, SYLLABI & PEDAGOGIES

To gain access to the pedagogies and practices proven at the best academic campuses across the globe, private universities are entering into strategic collaborations with foreign universities. SRM Chennai has tied up with MIT, Carnegie Mellon, University of Wisconsin, UC Davis, UC Berkley, North Eastern University, SUNY Buffalo and University of Arkansas. Galgotias University has tie-ups with several of the world's top universities : a research, exchange and mentoring program with Georgia Tech, one of the world's top 10 premium tech institutions, and research; and exchange and research collaborations Purdue University, Northern Illinois University, Smith Business School at the University of Maryland and University of Arkansas in the USA; and Goethe University, Germany and Anglia Ruskin University, UK in Europe. Greater international exposure widens the domain canvas for students and this opens up opportunities for them to become global thinkers and leaders.

INTERNATIONAL PEDAGOGIES ENSURE LEARNING EXCELLENCE OPTIMALLY

World-class faculties at premium private university have access to tried and proven pedagogies in use at the world's finest universities. The best private universities use a combination of the flexible credit system, industry tie-ups, guided syllabus and integration; classroom-based learning, project-based learning and research-based learning; outcomes-based learning and guest lectures by noteworthy corporate speakers from India & abroad for broader spectrum learning. Even the government education sector is surging forward with wide-sweeping pedagogical changes such as the introduction of the semester system and the four-year degree program. Best pedagogies and practices are being implemented the way Galgotias University has introduced their new four-year Bachelor of Management Studies – among the first private universities to enter this domain.

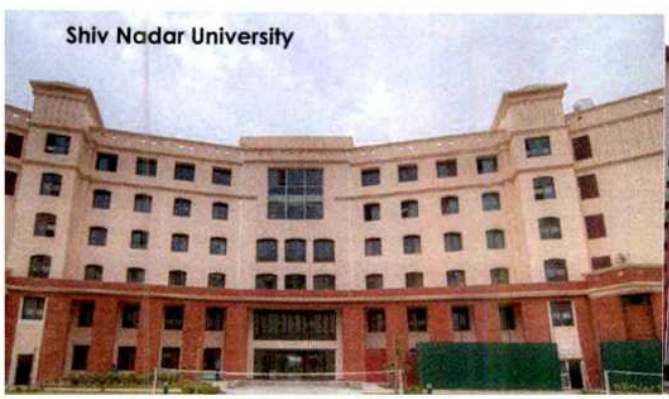
THE BEST NEW AGE UNIVERSITES ATTRACT THE BEST

Recognising the huge investments in building infrastructure and intellectual capital, the most meritorious students opting for private sector education, are seeking entrance into the best private universities such as Symbiosis University Pune, Galgotias University, Greater Noida, SRM Chennai, Dhirubhai Ambani Institute of Information and Communication Technology, Nirma University and Manipal University. Admissions and cutoffs have been rising steadily and entry is increasingly tough here. Surveys in the national media place these private universities even higher than much older government institutions. The latest Outlook – MDRA Survey of India's best professional colleges ranks Galgotias University even higher than Madan Mohan Malviya Engineering College - a greatly respected, decades-old institution with a longstanding legacy of academic excellence. This is in addition to the recent Mail Today-Indus Learning Survey that ranks Galgotias University No.1 among top technology institutions in the NCR & UP.

Placements reflect the confidence placed by leading corporate in the high quality of education and stands at close to 100% every year according to surveys.

INDUSTRY-INTEGRATED EDUCATION IS THE BEST WAY FORWARD TO THE FUTURE

The better private universities are sincerely working towards quality learning, market-oriented syllabi and a reasonable assurance of employability. These will emerge to successfully serve the needs of students, industry and society. In the process, they will build globally benchmarked knowledge infra-structure for India. Indian education will hopefully follow these institutions and begin its journey into the 21st century and the largest gainer is going to be the Indian student community.


Shiv Nadar University

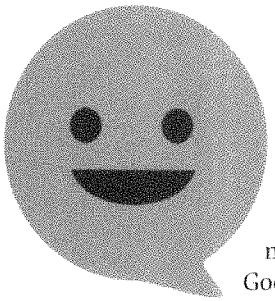
SRM University

LAST BUT NOT LEAST

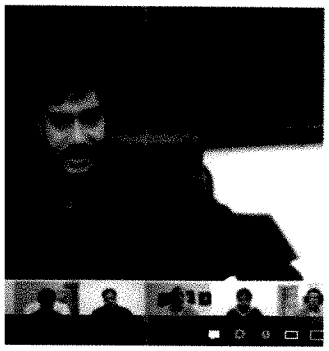
RIGHT CLICK 107 CAREERS 110 PEOPLEBUSINESS 116

Virtual Town Halls

Indian politicians of all hues are taking to new media. As the 2014 general election nears, Google Hangouts is proving especially popular. By GOUTAM DAS



A year ago, about four million people waited patiently for nearly an hour for Google to fix its systems. An avalanche of web traffic had nearly crashed the Internet giant's well-advertised plans for the evening. But Google's guest for the night, Gujarat Chief Minister Narendra Modi, did not disappoint. Dressed in his trademark half-sleeved cotton kurta, he held everybody's attention as he spoke on a range of topics from his fashion sense and dietary habits to secularism and investor confidence in India.



Modi was making his debut on Google+ Hangouts – he was the first Indian politician to use this application for group video chats. He answered live questions from Indians across the world, with the interaction broadcast on YouTube and Modi's Google+ page. The session was also beamed on TV channels. The NaMo Hangouts was a huge hit – 82,000 people across 116 countries watched it live on YouTube, but millions more watched the interaction on television. It also generated 70,000 tweets and about 166,000 hits on Modi's website.

It was, in many ways, a victory for advocates of media convergence. The buzz it created on social media and offline caught the imagination of others. In the past year, Minister of Finance P. Chidambaram, Minister of State for Human Resource Development Shashi Tharoor and Minister of State for Communications and Information Technology Milind Deora, among others, have participated in Google Hangouts moderated by well-known names. Actor Ajay Devgn, for instance, moderated the discussion with Modi.

Though similar to television debates, politicians still find the format exciting. "You can't be heard in Parliament, you can't be heard on a TV channel. Where else as a representative of the government can you explain to people," wonders Deora, Lok Sabha member from South Mumbai. "The Hangouts interview was more structured and it was not a shouting match that you have on television. Questioners had the time to raise an issue and you had time to answer without being interrupted. Second, it is a new medium that is interactive."

Google believes Hangouts change the way elected officials interact with citizens. "With a phone or webcam, people around the globe are now engaging with candidates and their elected officials in face-to-face video chats for free. This is taking democratic engagement to a new era," says Sandeep Menon, Country Head of Marketing at Google India, on email.

Nor are participants in video chats shy of asking tough questions. Deora, for example, was quizzed on the digital divide, the use of data by the poor, whether the Indian government was mature enough to handle demographic chatter, cell tower radiation and controversial sections of the Information Technology Act, among other matters. The participants are handpicked by Google through contests and tie-ups with third party social media groups such as OurSay. "We were overwhelmed by the number of questions asked of Narendra Modi. It personalises the message and people feel connected," says Arvind Gupta, Convenor of the Bharatiya Janata Party's Information Technology cell. Modi received over 20,000 questions from Indians through various media.

Organising Hangouts that can be broadcast across different media needs a lot of back-end orchestration from Google. The product on its own is not always a smooth sail, as Rajeev Gowda, Congress spokesman in Karnataka, discovered. "We wanted to see if the solution could be used during the Karnataka elections earlier this year. We did a test run amongst my team and ran into bandwidth challenges." However, he also acknowledges its strengths. "While Hangouts may require a reasonable amount of orchestration now, it does give the man

Will social media impact the 2014 election?

India has 160 "high impact constituencies" or those with a significant number of Facebook users

75 of 206 seats won by the Congress in the 2009 election are among the high impact constituencies

44 of 116 seats the BJP won and 50 of 110 seats it lost fall in the high impact category

2 of 23 seats the SP won and four of the BSP's 21 are considered high impact constituencies

Source: IRIS & IAMAI

on the street a chance to interact with a top leader," he adds.

Top leaders are likely to increasingly veer to social media because the general election is less than a year away. A report by IRIS Knowledge Foundation and The Internet and Mobile Association of India released in April expects social media to play a big role in the 2014 elections. According to the report, 160 of the country's 543 Lok Sabha constituencies are "high impact constituencies" where Facebook users account for over 10 per cent of the voting population. Or else these are constituencies where the number of Facebook users exceeds the victory margin of the winner in the last Lok Sabha election.

Others are more sceptical. Experts say the number of social media users in urban India is likely to rise from 62 million in December 2012 to about 80 million by election time. But that is still a minuscule number in a country of more than a billion people. "I expect that in the coming election, social media will make its presence felt but it will not be a deciding factor. But one or two elections down the road, it will be a much more significant catalyst," says Baijayant 'Jay' Panda of the Biju Janata Dal, Lok Sabha MP from Orissa, who participated in a Planning Commission Hangouts. "If you can trigger support among people on social media in an urban constituency and then get each one of them to motivate five people not on the Internet to support you, you have quite a bit of leverage."

> "I expect that in the coming election, social media will make its presence felt but it will not be a deciding factor. But one or two elections down the road, it will be a much more significant catalyst"
>
> **Jay Panda**, Lok Sabha MP, Biju Janata Dal

But Google+ Hangouts has stiff competition from Facebook, which has a similar video chat service called Livestream. Facebook has conducted live chats with celebrities such as Hrithik Roshan, Madhuri Dixit and John Abraham. It is easy to replicate such events with politicians as well. Already, some politicians such as Panda appear to spend far more time on Facebook. "I interact with Facebook quite a lot. Facebook has reached out and has held training sessions for my team on how best we can make use of the platform," he says.

For now, Google+ Hangouts is still creating more of a buzz. As Modi said at the beginning of his Hangouts session: "Google+ is the pulse of the globe." Almost. ◆

Send your comments to editor.bt@intoday.com

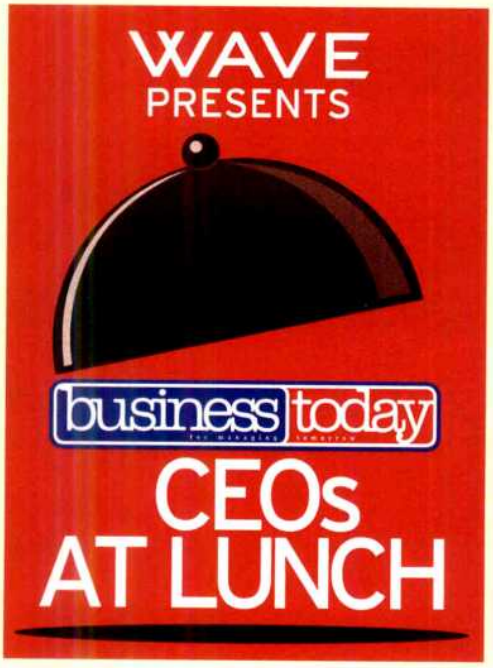
INDIA TODAY GROUP

The High Table OF BUSINESS

A power meeting of a small, select group of the country's top corporate citizens.

on Friday, August 02 at ITC Gardenia, Bangalore

Bangalore's Halo Slips:
How can its entrepreneurs and the government revive its dynamism?



HOSTED BY

ITC HOTEL
ITC GARDENIA

By invitation only

business today
FOR MANAGING TOMORROW

Beat Stress
with Business Today

Business Today: A 10,000 Ft, 360 Degree View offers

- Deep insights into the **CORPORATE WORLD**
- Exclusive Interviews with **TOP BUSINESS PERSONALITIES**
- **SPECIAL FEATURES** that mine data to analyse a range of topi
- All the latest **TRENDS and EVENTS** in the world of business and economy

Term	No. of Issues	You Pay (₹)	You Get
2 Years	52	~~2080~~ 1755/-	Save 15% + Get a USB Massager
1 Year	26	~~1040~~ 885/-	Save 15% on the Cover Price

Best Buy

2-YEARS SUBSCRIPTION GIFT

USB Massager

- **Handy when sitting long at work**
- **Plugs into USB port, or use with AAA batterie**

Please fill in the form and send it us at the address mentioned below

Business Today Subscription Form

Send form with your payment to LIVING MEDIA INDIA LTD., A-61, Sector 57, NOIDA-201301 (U.P.)

Yes! I would like to subscribe for:

☐ 2 Years (52 Issues) : Pay ₹ ~~2080~~/- ₹ 1755/- Save 15% + Get a USB Massager FREE! Best Buy

☐ 1 Year (26 Issues) : Pay ₹ ~~1040~~/- ₹ 885/- Save 15% on the Cover Price

Name..... Address.....

.....City.....

Postal Code.....Tel./Mobile.....E-mail.....

Payment Details:

☐ Charge my Credit Card ☐ VISA ☐ ☐

Card No.....

Expiry.....Signature.....

Payment Enclosed: ☐ Cheque ☐ DD No.....(in favour of Living Media India Limited. For non-Delhi cheques, please add ₹ 50/-)

Subscription Terms & Conditions: This authorises us to communicate about our products & promotions through mail/phone/printed material/email etc. This authorisation is irrespective of my instructions elsewhere of not to be contacted or informed over phone/email/mail etc. Cover Price of BT is ₹ 40. Special Rates and offer valid in India only for a limited period. Allow 3-4 weeks for processing of subscription. Your free gifts will reach you in about 6 weeks of commencement of your subscription. The images shown here are indicative, actual product may vary. Add Rs. 50/- for non-Delhi cheques. Superscribe your name and address on the reverse of the cheque/DD. All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only. Business Today can revise this offer any time at its discretion without any prior intimation. Subscription can not be cancelled once the free gifts are dispatched. T&C apply.

NANDAGOPAL RAJAN

Sounds of Silence

Headphones incorporating noise cancelling technology make a world of difference

The demo is about to start. The product manager asks the handful of tech journalists in the room to plug in earphones. We obey. The music is a mix of blues and jazz, with every note, every strum of the guitar as clear as it can be. There is also an extra large screen in the room, which strangely enough, shows a street in a busy South East Asian city – it has nothing in common with the music we are hearing. We are soon asked to take off the earphones. Soon as we do, our ears are assaulted by high-decibel noise from the TV. It is loud enough to make the room vibrate. We quickly turn back to the earphones – the Bose QuietComfort 20 to be precise – and the TV sounds promptly disappear.

The demo has the shock and awe effect that US audio equipment giant Bose Corporation brings to all its events. But it is also a testament to the power of the noise cancelling technology that Bose's founder, the legendary Amar Gopal Bose, who passed away recently, pioneered in the mid-1980s. Noise cancelling is slowly becoming common in high-end headphones. It is also becoming a necessity for many as sound pollution goes up several notches with every passing year.

So, what exactly is noise cancelling? There are two variants to this technology – active and passive. In active noise cancelling, as in the Bose device, headphones create a sound of their own to negate the surrounding sound. It does this using a microphone that listens and then creates waves that counter the noise frequency. Active noise cancellation (ANC) works best when the noise is consistent or cyclical, like that of a plane or a train. It is not able to keep out the sounds that don't stick to a pattern, like the squeal of a baby. Passive noise cancellation is simpler and just prevents all kinds of noise from reaching the ear.

Most headphone manufacturers now have a noise cancelling product. The device comes in different shapes and sizes, with designs ranging from in-ear to on-ear. ANC, however, requires power in the headphone, and in the case of in-ear designs, an extra controller, where the noise cancelling is achieved.

Blaupunkt, the German company known more in India for its car audio systems, recently started selling premium headphones, including the CN-112, with noise cancelling.

Marketing Manager Preeti Bakshi says the use of this technology is no longer limited to high-flying executives. It is slowly becoming popular with those who want a premium sound experience and the facility of enjoying their music and movies in any environment. People, however, still don't know much about this technology. "Many have never experienced a quality active noise cancellation product at work. Once they do, it is hard to resist, considering the amount of time today's users spend listening to music," she says.

In the last few years, this technology has also evolved. The Bose QuietComfort 20, which will be sold from September for ₹22,388, for instance, has an aware mode that lets you listen to certain kinds of sounds, such as a flight announcement or someone trying to talk to you, while blocking out everything else. The Blaupunkt CN-112, which costs ₹9,990, lets you adjust the level of noise cancellation so that you are not completely cut off from your surroundings. If you simply want peace and quiet, you can switch on the ANC without any music.

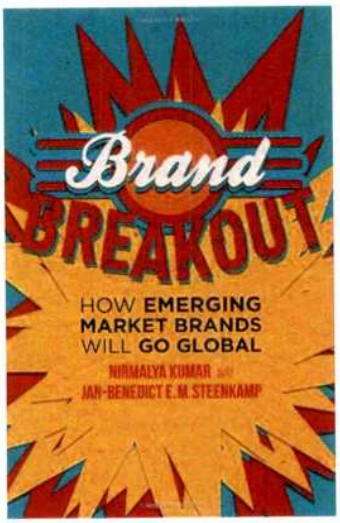
The same technology is also being used in other products, such as Bluetooth headsets that reject ambient noise and transmit only the voice of the caller. The new Lenovo Thinkpad Twist has dual-array noise cancelling microphones to ensure video conferences have crystal clear audio, unaffected by other sounds in the environment.

The only catch: though these headphones have been getting cheaper, they are still pretty costly. That is why some buyers end up with cheaper headsets with large ear cups that block noise without any digital sleight of hand. Not everyone can afford the price of silence. ◆

How to Win the World

A must-read for emerging market companies which want to build global brands.

By MADHUKAR KAMATH



Brand Breakout: How Emerging Market Brands Will Go Global

By Nirmalya Kumar and Jan-Benedict E.M. Steenkamp

Palgrave Macmillan

Pages: 272; Price: £17.99

Coca-Cola is perhaps the world's most iconic brand. It has penetrated some of the remotest corners and stood the test of time. Like many other resilient global brands, it had its origins in the US, the world's leading economy. Indeed, the best global brands of the last century have all come from Western economies. While this has begun to slowly change, examples of successful brands from other parts of the world are still few.

The co-authors of *Brand Breakout* – Nirmalya Kumar, former London School of Business professor who recently joined the Tata Group to guide its marketing strategy, and Jan-Benedict E.M. Steenkamp, professor at UNC Kenan-Flagler Business School, US – start out by tracing key global economic trends to show how the world has changed dramatically in the last few decades. With several developed countries in the doldrums and others experiencing a marked slowdown, it is increasingly clear that future growth will be led by the widely divergent economies clubbed together as 'emerging markets'. The attention of MNCs is now sharply on Asia, particularly China and India. The reasons are clear. The share of emerging markets in global output grew from 20 per cent in 1990 to 40 per cent in 2010, and is expected to overtake the share of developed countries by 2050.

The authors, however, also note that to date these countries have failed to throw up global brands. To illustrate, the 2012 list of *Fortune* magazine's 500 leading companies ranked by sales, included 73 Chinese firms, second only to the US's 132. Despite this, there is no Chinese presence in the top 100 brands listed by Interbrand in its Best Global Brands 2012. In fact, only two Asian brands managed to make it to the top 10 – Samsung (South Korea) at No.9 and Toyota (Japan) at No.10.

The authors ask: how many western consumers can spontaneously recall a brand from an emerging market like China? How many have heard of Haier? Or, for that matter, coming closer to home, of the Tata brand? "There would appear to be a yawning gap between the economic muscle of the emerging markets and their ability to spawn global brands," they conclude.

"Branding is not only about differentiating products; it is about striking an emotional chord with consumers. It is about cultivating identity, attachment, and trust to inspire customer loyalty," the authors note. By logical extension, since brands do their magic in the intangible realm of association, perception, belief and emotion, they also tend to be coloured by the overriding image of their country of origin. This can prove a formidable obstacle.

The overriding perception of Chinese products, for instance, is one of shoddy quality, unethical practices and lack of concern for the environment. China's GDP is as large as that of the next four largest emerging economies combined (Brazil, India, Russia, and Mexico). It is the world's manufacturing hub, yet the term "Made in China" has negative associations.

Still, the authors are sanguine that it is possible for local brands to make a breakthrough. Their optimism is rooted in the wide-ranging research on real life cases they conducted across countries, industries and companies which have succeeded in spawning global brands. *Brand Breakout* provides eight possible routes by which brands from emerging economies can transform themselves into global brands:

The Asian Tortoise route: This is the mother of all routes and has been used effectively by Japanese and South Korean automobile and electronics companies to establish a beachhead in a developed economy. It involves selling a decent product at a very low price and then migrating step by step up the quality-value ladder to a premium position. Best examples: Toyota and Samsung.

The Business to Consumer (B2C) route: Launching a consumer brand from scratch in developed markets is prohibitively expensive. So, this route leverages a company's B2B (business to business) strength to gain entry into the B2C segment, as did China's Huawei, the world's largest mobile network equipment company, to enter the handset market.

The Diaspora route: It taps into the cross-border flows of people living outside their country of origin but who want to retain some brand preferences and consumption patterns. Dabur, Reliance Media Works and ICICI Bank have all used this route.

The Brand Acquisition route: It is for those who wish to expand rapidly and aggressively into Western markets (and have deep pockets). They do the unimaginable – acquire giant global brands from Western MNCs, as did China's Lenovo from the US's IBM, and India's Tata Motors from the UK's Jaguar. Having acquired the brand, does the acquirer retain it for its unique brand positioning or merge it over time with its own brand? Both strategies have been used with success –Tata keeping the Jaguar brand while Lenovo preferred to migrate.

The book provides eight routes by which brands from emerging economies can transform themselves into global brands

The Positive Campaign route: It seeks to overcome negative associations with the country of origin and has been used successfully by Hyundai (South Korea) and Chang Beer (Thailand). The strategies here aim at altering consumer perceptions through branding techniques.

The Cultural Resources route: It leverages itself on the axis of positive cultural associations, such as silk from China or yoga from India, by positioning the emerging market brand on these specific attributes. The original Havaianas footwear made of rubber was popular in Brazil but was considered cheap. To tap the international market the company, Alpargatas, grew the product line from two to 25 models with different colours that appealed to a much wider audience. The result? Havaianas now sells in developed markets for $16 to $200 a pair.

The Natural Resources route: While natural resources are usually sold as commodities, the concept of a "Natural Resources brand" has gained in popularity. The best known example is that of champagne. Only wine made from the grapes grown in the Champagne region of France can claim to be champagne. All others are just sparkling wine. Others that have used this route are Habono cigars of Cuba or Café de Colombia. How the organisation of coffee growers of Colombia succeeded against Nescafe, the strongest coffee brand in the world, makes for interesting reading.

The National Champion route: It involves leveraging strong support from the state – either directly or indirectly obtaining preferential treatment to strengthen its position domestically, thereby supporting its overseas venture. Dubai's Emirates airline, is an instance.

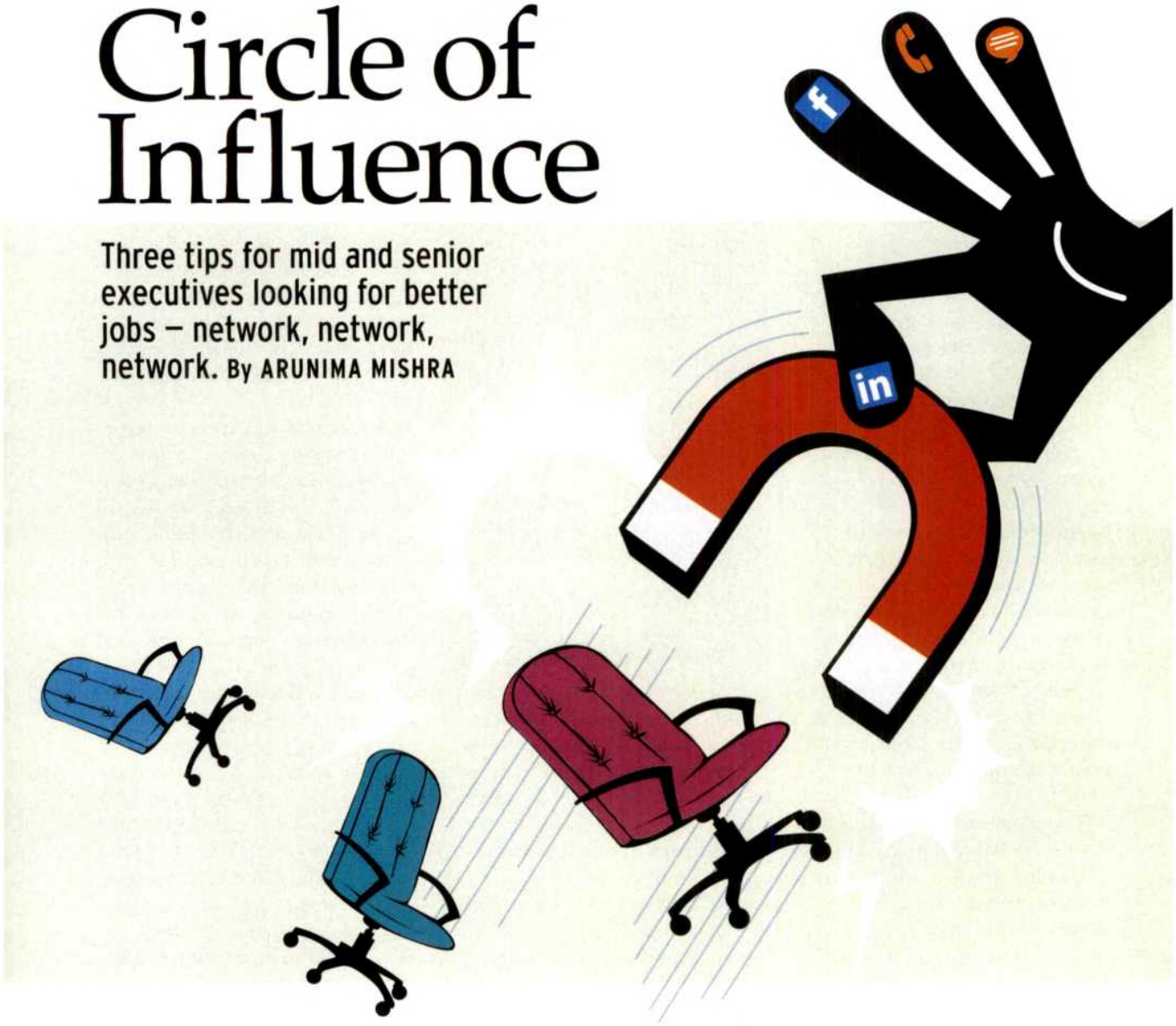
Brand Breakout is a must-read for all those who dream of crafting global brands – especially large Indian firms which operate globally. The writing is highly readable and replete with concrete examples. ◆

The reviewer is Group CEO and Managing Director, DDB Mudra Group

Branding is not only about differentiating products; it is about striking an emotional chord with consumers. It is about creating identity, attachment and trust

Circle of Influence

Three tips for mid and senior executives looking for better jobs – network, network, network. By ARUNIMA MISHRA



In June, a study by global management consultancy Hay Group showed that one in four Indians in the organised sector will likely change jobs this year. The study, conducted with the Centre for Economic and Business Research, said the massive employee turnover will be triggered by expectations of an economic revival. In the same month, the Manpower Employment Outlook Survey predicted an increase of more than 18 per cent in hiring for the three months through September.

Despite the persisting downturn, the two surveys do not come as a surprise. Why? Job movement tends to peak after June, the month by which most companies complete their employee appraisals and people start looking for better opportunities.

A job switch, however, is tricky for mid-to-senior level executives. "This is what we call the 'passive pool', which tends not to easily reach out for jobs even at the best of times," says G.N. Udiaver, Director at Manpower Group firm Experis, which focuses only on mid-to-senior level recruitments.

Mid-to-senior level executives take into account not just a fatter pay package while looking for a change. They also look for a better work profile and greater responsibilities as they build their careers. So, what should they do to get what they want?

Mid-to-senior level employees on

a job search need to be crystal clear about their career objectives and aspirations. "Employees need to understand the exact DNA of the new workplace. If this is not done, the chances of having to move again will be very high," says Ashwin Shirali, Regional Director of Human Resources at hospitality group Accor India.

The most important skill required to find the opportunities available is networking. "It's important to continuously network with people from your relevant field and people who believe in you," says Asim Handa, CEO of staffing firm Gi Group India. Handa says there is no need to feel embarrassed making networking calls. "One must remember that most positions are filled through referrals, and most people come across such situations," he says.

Quality jobs are not easy to come by. One can start scouting for a job by tracking various recruitment portals or following a job board on professional networking site LinkedIn to analyse particular sectors or job positions. Tweaking one's curriculum vitae to match the role and functional responsibilities one is looking for is the next step.

Networking is critical for two reasons. One, the job market in India is mostly relationship-based, says Jyorden T. Misra, Managing Director at Spearhead InterSearch, a firm focusing on senior-level recruitments. And two, companies are increasingly stressing peer-review of candidates.

Many executives and graduates from reputed institutions often tend to reach out to their alumni networks, says Deepak Chandra, Deputy Dean at the Hyderabad-based Indian School of Business. Chandra says the institute has a network of 5,251 alumni across 25 countries.

Look Before You Leap

Start networking and seek opportunities that can showcase your skills

Tweak your CV to match the role you are applying for

Know which function you want to get into

Approach executive search firms

Tap into alumni network

List out career experts by tracking job portals

Don't feel embarrassed while making a networking call

Reconnect with recruiters who have contacted you in the past

Vidhu Shekhar, who graduated from the Indian Institute of Technology, Kharagpur in 2004, says his seniors referred him for jobs and he did the same for some of his juniors. "It's easier for me to convince my HR or my senior about a candidate who is from IIM Calcutta or IIT Kharagpur, than about a candidate from some other institute," says Shekhar, who is pursuing his Ph.D in economics from the Indian Institute of Management, Calcutta.

Those who are wary of posting their profiles on job portals such as Naukri.com and Monster.com can directly reach out to specialised executive search firms such as Spearhead, Randstad, Elixir, Quadrangle, Michael Page International, and Mount Talent Consulting. The search firms help executives expand their networks, tailor their applications, prepare for interviews and find a job. Naukri.com has launched a premium portal that allows jobseekers to apply directly to search firms without registering on the site, says Hitesh Oberoi, Managing Director and CEO at Info Edge (India), which owns the job site. Gary James, Regional Managing Director for Asia Pacific at Michael Page, says a large number of queries come directly to its consultants, who have been recommended to jobseekers by people already familiar with the company.

Help is also at hand for those who are looking not just for a job switch but a complete career change. XLRI-Jamshedpur has a funding programme that helps its alumni in starting a venture, says Chand Narayan, CEO of Hyderabad-based marketing communications firm Hum Consulting. "XLRI's social entrepreneurship projects are the most talked about," says Narayan, who graduated from the institute in 2001.

A reality check is in order, however, for executives who want a new job mainly for a substantially higher salary. "Companies are being cautious and are offering average hikes of around 15 to 20 per cent," says Sangeeta Lala, Co-founder and Senior Vice President at recruitment consultancy and staffing firm TeamLease Services. "Mid-level managers can manage to negotiate this with their current employers." ◆

Senior Management Jobs brought to you by monster.com

EMC Corporation
Manager - HRBP
Location: Bangalore
Job ID: 13665714
Description: Must have minimum of 8-11 years of relevant experience.

Adecco India Private Limited
Business HR for a Leading Autom Giant
Location: Mumbai
Job ID: 13633665
Decription: Should have 8 - 10 yea experience in Business Mgmt of HR act of Sales and Service Force, OD and Practices in similar domain. Would ma Recruitments at Corporate Level for and Service across the Division.

Jindal Steel & Power Limited
Area- In -charge - Coal Gasification Plant
Location: Angul
Job ID: 13455825
Description: Responsible for adopting necessary maintenance strategies for maintaining health of assets & ensuring maximum availability of equipments.

Manokam
Regulatory Affairs Manager
Location: Mumbai
Job ID: 13678548
Description: Managing activities su audits, regulatory agency inspection product recalls.

Ebay
Engineering Manager
Location: Bangalore
Job ID: 13581179
Description: Looking for a dynamic engineering manager who has proven track record in technical and people management, and excellent business acumen.

ONI ENTERPRISES
VP/ GM - HR
Location: Mumbai
Job ID: 13279246
Description: Degree Engineer wit years plus years of Vast Hands On e (personally) Interviewing , Doing Ground Check on Candidates, Convi Good Candidates to Join, Negotiatin Salary and finally Recruiting.

Rolta India Limited
SR GIS Project Manager
Location: Gurgaon
Job ID: 13369890
Description: Work with client and process team to define and finalize project process.

Futurestep Recruitment Services Pv
Opening Manager Compensatio Benefits
Location: Hyderabad
Job ID: 13569904
Description: Responsible for leadi administration and delivery of comper & Benefits programs that are ain attracting and retaining employee taler

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" bu

usiness today

Jobs Today

monster®
Find Better.™

IT Jobs brought to you by monster.com

Impetus Infotech India Pvt.Ltd.
Sr. Technical Architect- BigData, Java/ J2EE
Location: NOIDA, Bengaluru, Indore
Job ID: 13624953
Description: Design/ Architect/ Implement various solutions arising out of the large data processing (GB's/ PB's) over various NoSQL, JAVA, Hadoop and MPP based products.

Helios and Matheson Information Technology Limited
Senior Developer TIBCO
Location: Bangalore
Job ID: 13634687
Description: Experience on TIBCO BW with BPM or AMX(BPM/AMX exp is must).

Amdocs Development
Focus Master
Location: Pune
Job ID: 13688850
Description: Development & Maintenance of CM Products using Java/J2EE technologies.

Altisource Business Solutions Private Limited
Product Support - Java/Unix - Tech Lead
Location: Bangalore
Job ID: 13650346
Description: Looking for Production Support/Application Support – JAVA Professionals based out of Bangalore.

TIBCO Software India Private Limited
Solutions Architect
Location: Hyderabad
Job ID: 13351823
Description: Expert level design, development, and troubleshooting skills, Prior experience with MS technologies including .NET and SQL development highly preferred.

fiserv
ASP.Net,C# Developers
Location: Pune
Job ID: 13686484
Description: Should be able to understand functional requirements and translate those to technical specifications.

Raventure Solutions
AX Technical Professionals
Location: Gurgaon, Mumbai
Job ID: 13635080
Description: Understanding business requirements. Customization and development of Tables, Forms, Reports and other AX objects.

Objectwin Technology India Private Limited
Peoplesoft Technical Consultant
Location: Bangalore
Job ID: 13597837
Description: More than 4 years of work experience in application development and troubleshooting.

o apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Available on the App Store

Better Access
Monster on mobile helps you find candidates anytime, anywhere

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster
Find Better.™

business today

Jobs Today

monste
Find Bett

Sales and Marketing Jobs brought to you by monster.com

Teradata
Regional Sales Manager
Location: Mumbai
Job ID: 12890969
Description: Looking for a senior Sales professional to generate revenue by closing strategic account sales.

Symphony Teleca Corporation Private Limited
Sr.Business Development Executive
Location: Pune
Job ID: 12516676
Description: Must have Lead / De Generation experience with US M with leading IT Services Company a for 1.6-2yrs.

Newgen Software Technologies Limited
Sales Head
Location: Delhi
Job ID: 13204916
Description: Engineering and or Mgmt Graduate from premier institutes (IITs, IIMs) with 12-15 years of sales and marketing exp in Selling Software Products/Solutions across multiple regions in India.

IQura Technologies Pvt. Ltd
Sales Head
Location: Mumbai
Job ID: 13686253
Description: Responsible for identifi of business opportunities and ge significant revenues from new cus acquisitions.

Angel Broking Limited
Relationship Executive
Location: Mumbai
Job ID: 13525052
Description: Good Communication & Convincing Skills.

ABC Consultants Private Limited
Area Manager- Sales
Location: Delhi, Gurgaon
Job ID: 13646382
Description: Experience of work Ambiguity, in a complex compe environment.

Oracle India Pvt Ltd
Account Manager / Territory Manager
Location: Bangalore
Job ID: 13414354
Description: Responsible for end-to-end sales of Oracle's education offerings (products, services) on the entire range of Oracle's products, thereby generating revenue for the assigned Geo market /territory.

Ceilidh Technologies
Business Development Manager
Location: Bangalore
Job ID: 13659885
Description: Excellent communi skills- spoken & written.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" b

BeKnown On Facebook

Better Connections
Connects people to Brands on the Most Active Social Network.

Http://apps.facebook.com/beknown

Better A
Better Conne
Better Cand

Get Lucky. Get Active with Monster.

monst
Find E

usiness today

Jobs Today

monster
Find Better.™

Finance Jobs brought to you by monster.com

WNS Global Services Private Limited
Account General Ledger process
Location: Pune
Job ID: 13532462
Description: Graduates with 1 year experience in General Ledger BPO would be an added advantage.

Parexel International India Private Limited
Senior Manager, Project & Planning Support
Location: Hyderabad
Job ID: 13559150
Decription: Master-s degree in Accounting or any other equivalent qualification.

Vitasta Consulting Pvt Ltd
VP FC&A Risk
Location: Mumbai
Job ID: 13690994
Description: CA with 12 to 15 years of work experience out of which 7-8 years should be in a risk role.

Ikya Human Capital Solutions Private Limited
Investment Banking-Lending Operations
Location: Chennai
Job ID: 13687411
Description: Responsible for loans processing across UK and Europe regions supporting GBM core and non core businesses.

Black & White Business Solutions
Indirect Taxation "Financial Controller"
Location: Bangalore
Job ID: 13399350
Description: Handling the Finance of the Company.Using the amendments.CA or CA Intern is a must.Indirect Taxation.

UnitedHealth Group
Deputy Manager - Internal Audit
Location: Hyderabad
Job ID: 13680873
Description: As an Internal Audit Associate, you will be accountable for supporting the execution of the annual audit plan for UnitedHealth Group and its family of companies.

Capgemini
Taxation Lead - Direct Taxes & Transfer Pricing
Location: Mumbai
Job ID: 13573283
Description: Responsible for direct tax and transfer pricing advisory, compliance and litigation matters for CG India and overseas entities, reporting to Head of Tax, CG India.

Golden Opportunities Pvt. Ltd
VP Finance/ CFO
Location: Gurgaon
Job ID: 13577411
Description: Coordinate reporting hand ins/outs with Finance teams in advance of reporting periods to ensure that deliverables and service levels are clearly understood by all parties.

o apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Better Candidates
With Monster's extensive database and advanced technology, finding the right candidate is easy

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster
Find Better.

VIVAN MEHRA/www.indiatodayimages.com

Off the Beaten Track

HARKIRAT SINGH, CEO of the ₹1,000 crore footwear, apparel and accessories major Woodland, loves the outdoors. While most CEOs' idea of relaxing would be to take in a movie, Singh prefers kayaking or scuba diving with his wife and three sons, as he did during his last holiday in the South of Spain. Woodland's latest launches are thus special for him – the company is investing ₹50 crore in adventure gear and outdoor personal care products, opening 60 to 70 new stores. Woodland focuses on youth – 18 to 25 year olds, who already comprise 65 to 70 per cent of its customers – with initiatives such as the recently begun 'Ambassador' programme, where it sponsors young people aspiring to unconventional achievements. One such was Deeya Bajaj, the 16-year-old Delhi schoolgirl from who skied across Greenland.

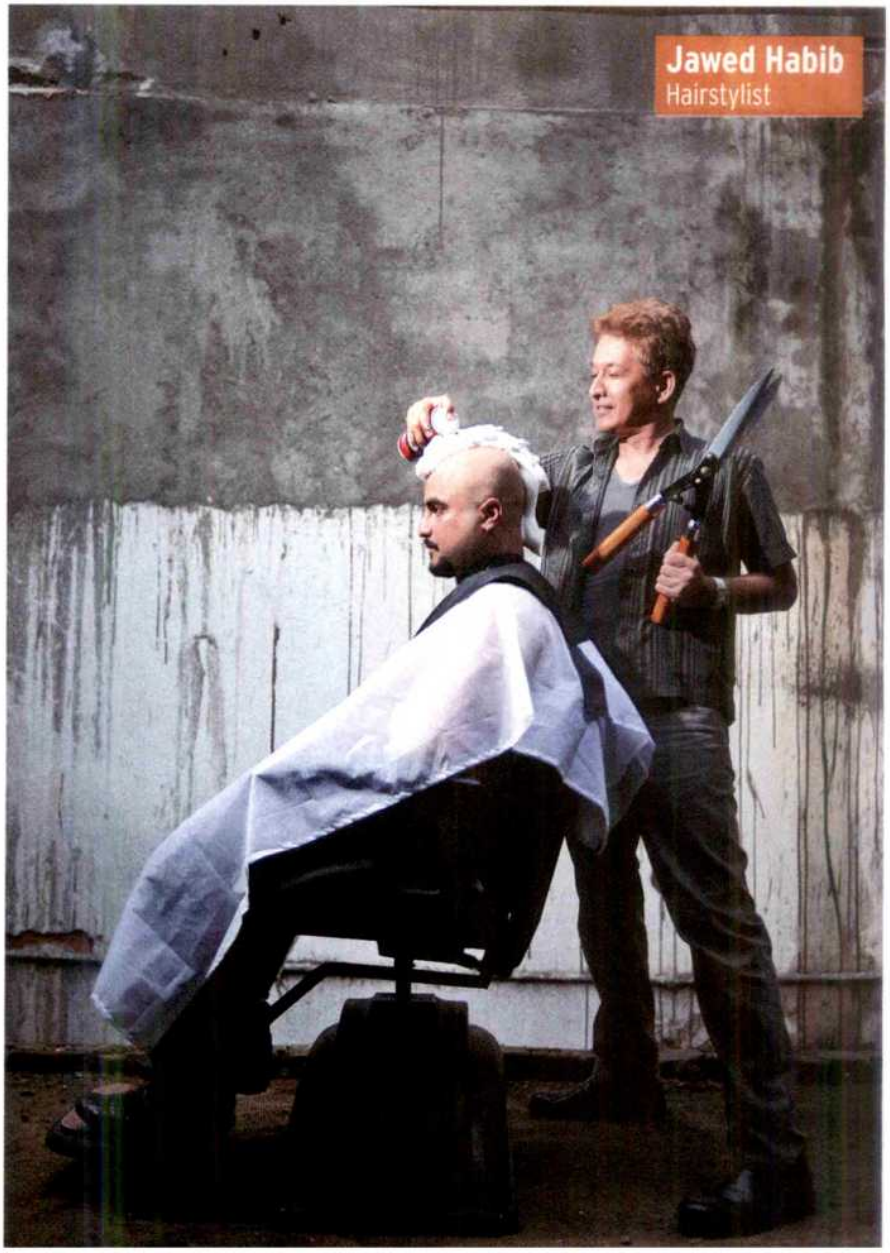
Singh feels strongly too about protecting the environment. Woodland products contain no harmful chemicals. All its 400-odd company-run stores across India are carbon neutral. "I get inspiration for new products while hiking," he says.

VIVAN MEHRA

In Hair Form

Hairstylist **JAWED HABIB** was always exclusive, but he will now rise even higher up the luxury scale. After setting up 400 salons across the country in the last seven years, he has launched the JH Bevels brand of full-fledged luxury salons, the first of which opened in Mulund, northeastern Mumbai, in end-June. By August, Habib, founder of Jawed Habib Hair and Beauty Ltd, intends to have two more such salons in the city. Each one will have just five to seven seats and will cost around ₹60 lakh to ₹75 lakh to build. To fund the project, Habib plans to take a loan of ₹25 crore, and hopes each salon will break even within 18 months. "The plan is to open 55 JH Bevels salons in the next two years," he says. Some of them may even be overseas, as he intends to register JH Bevels in the UK. Off-duty, Habib loves good food and listening to songs sung by the late Mohammad Rafi.

MAHESH NAYAK



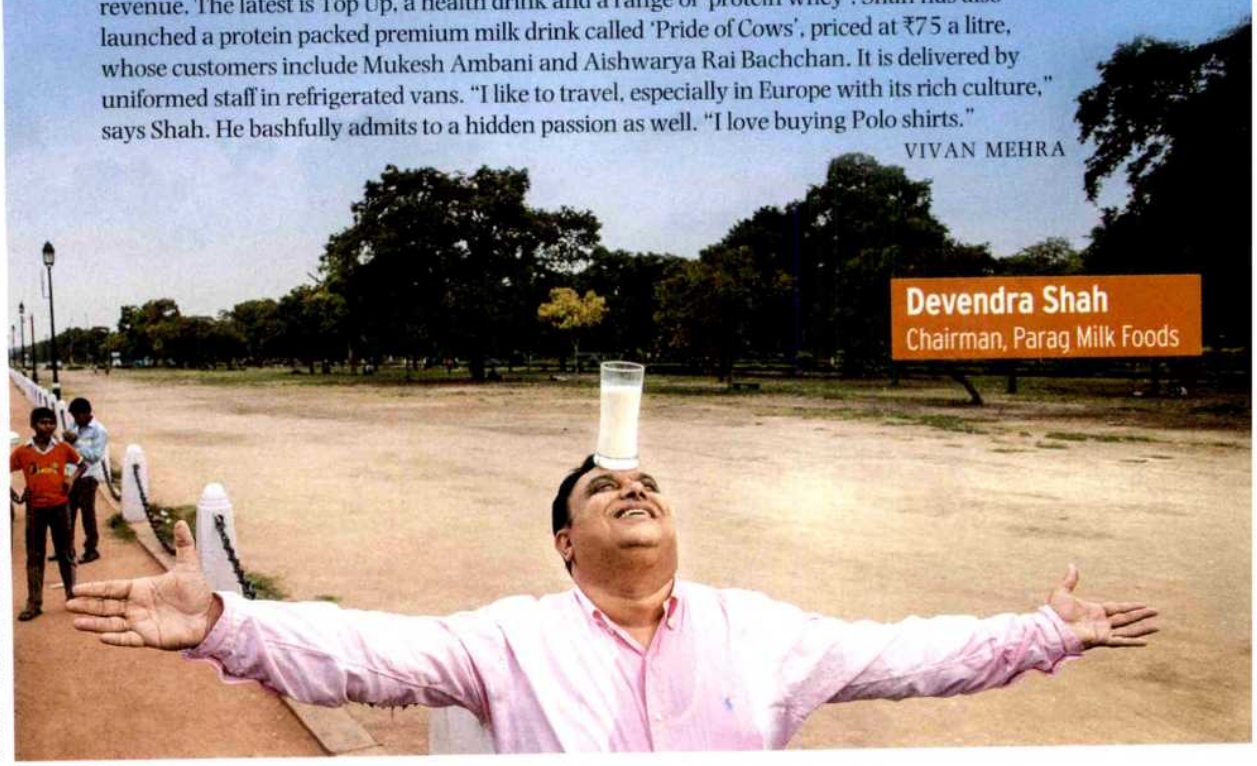
ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

Big Cheese

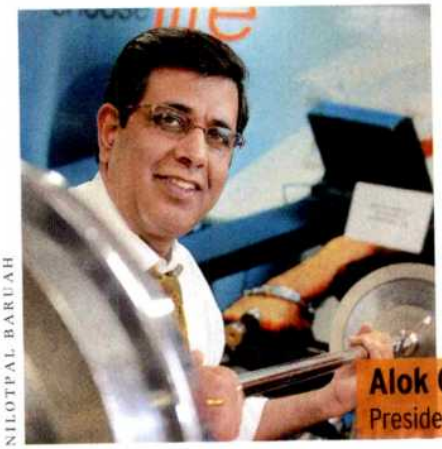
DEVENDRA SHAH, Chairman and Managing Director, Parag Milk Foods, believes in taking risks. In 2008, a time when the total cheese consumption in the country was only around 800 tonnes a year, he set up a 1,200 tonne cheese making plant in Pune. As it happened, with the pizza revolution, cheese consumption skyrocketed in the next few years, and the decision proved a winner.

It is this daring that has made Shah's company, which manufactures the Gowardhan brand of milk and milk products, the largest cheese producer and the third-largest milk producer in India. High-end innovative products make up 75 per cent of Parag's ₹1,400 crore revenue. The latest is Top Up, a health drink and a range of 'protein whey'. Shah has also launched a protein packed premium milk drink called 'Pride of Cows', priced at ₹75 a litre, whose customers include Mukesh Ambani and Aishwarya Rai Bachchan. It is delivered by uniformed staff in refrigerated vans. "I like to travel, especially in Europe with its rich culture," says Shah. He bashfully admits to a hidden passion as well. "I love buying Polo shirts."

VIVAN MEHRA



VIVAN MEHRA/www.indiatodayimages.com



NILOTPAL BARUAH

Best Solution

ALOK OHRIE, the new President and Managing Director of Dell India, wants to power the company's transformation from PC maker to an end-to-end solutions company. He maintains the company's new focus on solutions has been well received by Indian customers, and his immediate priority will be to build on the momentum gathered. Dell's total revenue in India stands at $1.5 billion. Ohrie, an IT industry veteran with stints at IBM, AMD and EMC, replaces Sameer Garde, who has now joined Samsung India as head of its Enterprise Business division.

GOUTAM DAS

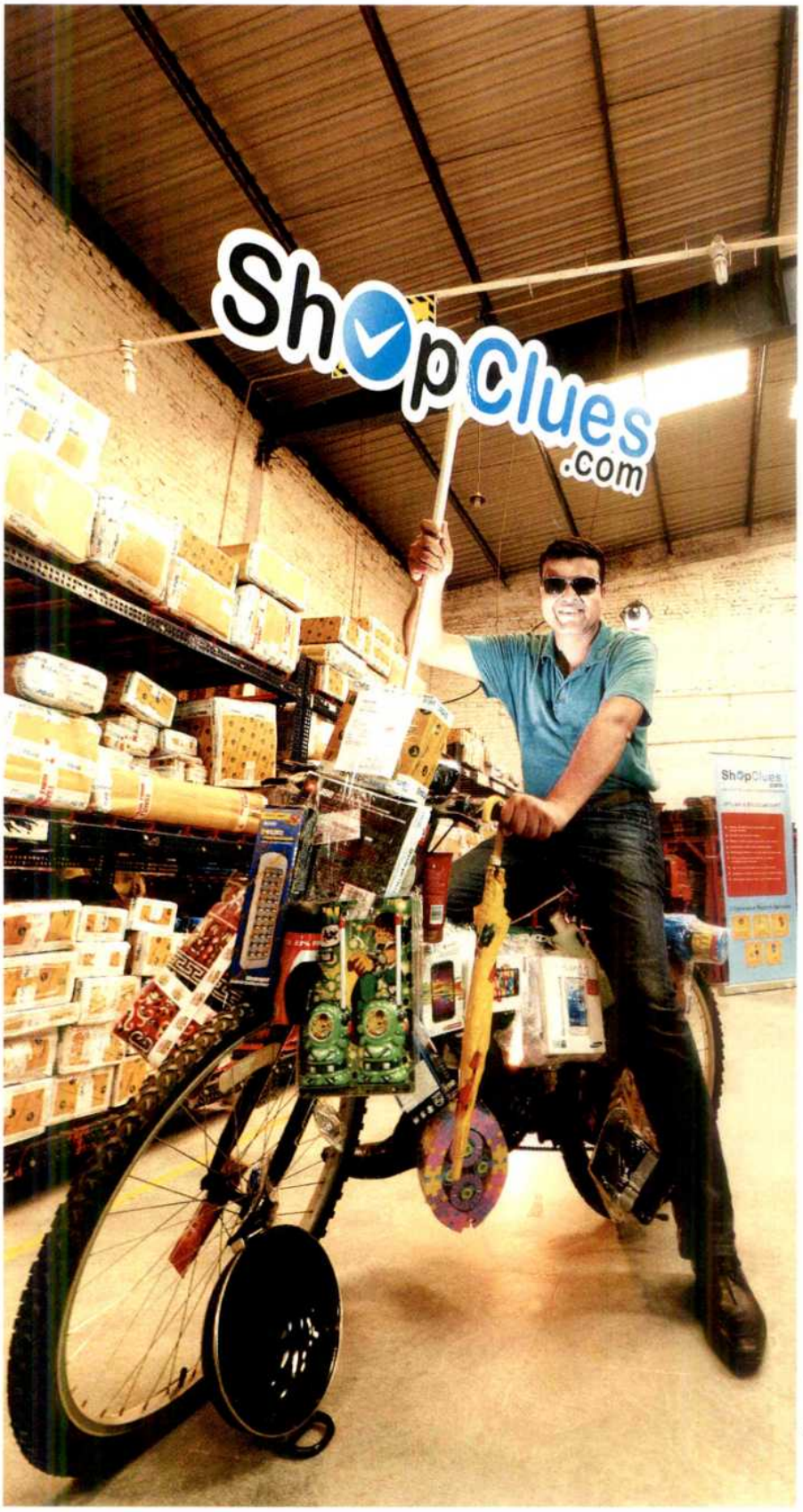
Sandeep Aggarwal
Founder/CEO,
ShopClues.com

Shop On(line)

It was while working as a stock market analyst in Silicon Valley that **SANDEEP AGGARWAL** first thought of starting an online marketplace in India. He quit his million-dollar job at investment bank Caris & Company in 2011, shifted to his home country and began ShopClues.com. It is now India's largest online marketplace, with a network of 12,000 merchants, offering a catalogue of over 14 million products.

"We are like a shopping mall or stock exchange where buyers and sellers transact on their own," says Aggarwal, 40. "We verify the sellers before they are allowed to sell on our website. In order to protect buyers, no payment is released to the seller until we get positive feedback from the buyer." ShopClues.com sells 10,000 products daily with a monthly turnover of ₹25 crore. Even in the overall e-commerce sector, it has made a mark. "We started as the 35th entrant (in India) and today we are the fifth-largest player in terms of monthly traffic, revenues and daily orders," says Aggarwal. But with global e-commerce giant Amazon and local king Flipkart jumping into the online marketplace as well, his challenges have only just begun.

MANU KAUSHIK



SHEKHAR GHOSH/www.indiatodayimages.com

ABHIJIT ROY

MD & CEO, Berger Paints India Ltd

My first role model
My maternal uncle B.N. Kumar, an IIT graduate and a successful entrepreneur, who showed me that innovative thinking and perseverance can overcome all adversities

My first job
With Asian Paints, the best training ground for distributor network handling and supply chain management

My first boss
Animesh Biswas. He taught me that while a proper strategy is important, it's even more important to implement the strategy

My first promotion
I was made Area Sales Manager at Asian Paints with some of the best tourist destinations in N. Bengal, Sikkim and Bhutan under my purview. It was fun while it lasted

My first disappointment
Making a sales deal with a distributor in Siliguri (West Bengal) and getting stuck with an outstanding debt. It taught me the importance of knowing the customer and not being greedy

As told to N. Madhavan

VIVAN MEHRA/www.indiatodayimages.com

WORLD TRADE CENTER
BANGALORE
AT BRIGADE GATEWAY

INDIA'S FINEST BUSINESS ADDRESS.

Set in a 40 acre campus, the World Trade Center, Bangalore has recently been awarded the Best Office Building in Bangalore by CREDAI Real Estate Awards'13 - Karnataka. This and many of the other coveted awards are a fine testimony to the vision, professionalism and the craftmanship of the Brigade Group.

The WTC Bangalore is home to Amazon, Gallagher, H&M, KPMG, Samsung, Siemens, UEC, Regus, Toyota, HDFC, Coca Cola, Bank of Tokyo, LS Law & many more leading corporates. Making the World Trade Center, Bangalore truly 'a jewel in the crown' for the Indian Real Estate Industry.

1.1 million sft | 32 levels | Grade A+ building | 9 level parking

CREDAI
Real Estate Awards 2013
Best Office Building
in Bangalore

CNBC AWAAZ
Real Estate Awards 2012
Best Commercial project
(City based)

CREDAI
Real Estate Awards 2012
The Best Office Space
of the Year

ACCE-BILLIMORIA Award
Best Construction in
High Rise Buildings - 2011

Toll free 1800 102 9977 | E-mail us at commercial@brigadegroup.com | Visit us at

Enjoy more at 33/Acr

Blu, the 10 acre South Mumbai development that offers you a density of only 33 apartments per

Coming up in Worli, right next to the sea, in an extremely premium 10 acre plot. It is the last remaining land parcel of its size in South Mumbai and has large amounts of open, green spaces. Where a whole host of facilities and amenities are on offer.

- *Plans approved by BMC • Environment clearance received*
- *No Public Parking FSI • New DCR • Construction in full swing*

Construction by SHAPOORJI PALLONJI

Blu

A home like n

Contact us on 022 - 618 99999 for an appointment.

Super Luxury Residential Complex in One Indiabulls Worli

business today
for managing tomorrow

businesstoday.in

September 1, 2013 ₹40

THE LUXURY ISSUE

INDIA TODAY GROUP

AHMEDABAD, LUXURY TIME - 079 2646 9797 • **BENGALURU**, ETHOS SUMMIT ROLEX BOUTIQUE - 080 2211 3976 • **CHANDIG**
TALWAR JEWELLERY HOUSE - 017 2270 5151 • **CHANDIGARH**, TALWAR WATCH CO. - 91 89 6851 9500 • **CHENNAI**, THE HELVE
ROLEX BOUTIQUE - 072 9991 1158 • **CHENNAI**, THE HELVETICA - 044 2846 4096 • **COCHIN**, SWISS WATCH BOUTIQUE PRI
LIMITED - 91420 91420 • **COIMBATORE**, ZIMSON - 0422-4371234 • **GURGAON**, KAPOOR WATCH CO. - 012 4466 55
HYDERABAD, MEENA JEWELLERS - 040 6746 7760 • **KOLKATA**, EXCLUSIVE LINES ROLEX BOUTIQUE - 033 2282 5245 • **KOLK**
EXCLUSIVE LINES - 033 2290 4116 • **PUNE**, CT PUNDOLE & SONS - 091 7350 003250 & 020 2634 3685 • **MUMBAI**, C
022 2204 2299 • **MUMBAI**, MARCKS & CO. ROLEX BOUTIQUE - 022 2267 6412 • **MUMBAI**, SWISS PARADISE ROLEX BOUTIQ
022 2833 9991 • **MUMBAI**, TIME AVENUE ROLEX BOUTIQUE - 022 2651 5757 • **MUMBAI**, TIME WATCH MAKERS ROLEX BOUTIC
022 2412 1411 • **NEW DELHI**, COOKE & KELVEY - 011 2331 4095 • **NEW DELHI**, KAPOOR WATCH CO. ROLEX BOUTIQ
011 4676 7777 • **NEW DELHI**, KAPOOR N CO. ROLEX BOUTIQUE - 011 4699 0000 • **NEW DELHI**, KAPOOR WATCH C
011 4134 5678 & 011 4653 6667 • **NEW DELHI**, ETHOS SUMMIT - 011 4058 8700 • **ROLEX WATCH CO.PVT LTD MUME**
022 6625 3600 (WITH AUTHORIZED AFTER SALES SERVICE) • **WWW.ROLEX.COM**

CALCUTTA UNIVERSITY
CENTRAL LIBRARY

IT'S MORE THAN A SIGN. IT'S A COMMITMENT.

THE OFFICIAL ROLEX SIGN ESTABLISHES THE AUTHENTICITY OF AN OFFICIAL ROLEX RETAILER. WITH UNMATCHED EXPERTISE, ONLY AN OFFICIAL ROLEX RETAILER OFFERS A DIVERSE SELECTION OF ROLEX WATCHES AND PROVIDES THE SERVICE NEEDED TO MAINTAIN YOUR TIMEPIECE. EVERY WATCH INCLUDES A RETAILER WARRANTY, GRANTING ACCESS TO THE RENOWNED ROLEX SERVICE NETWORK.

OYSTER PERPETUAL SUBMARINER DATE

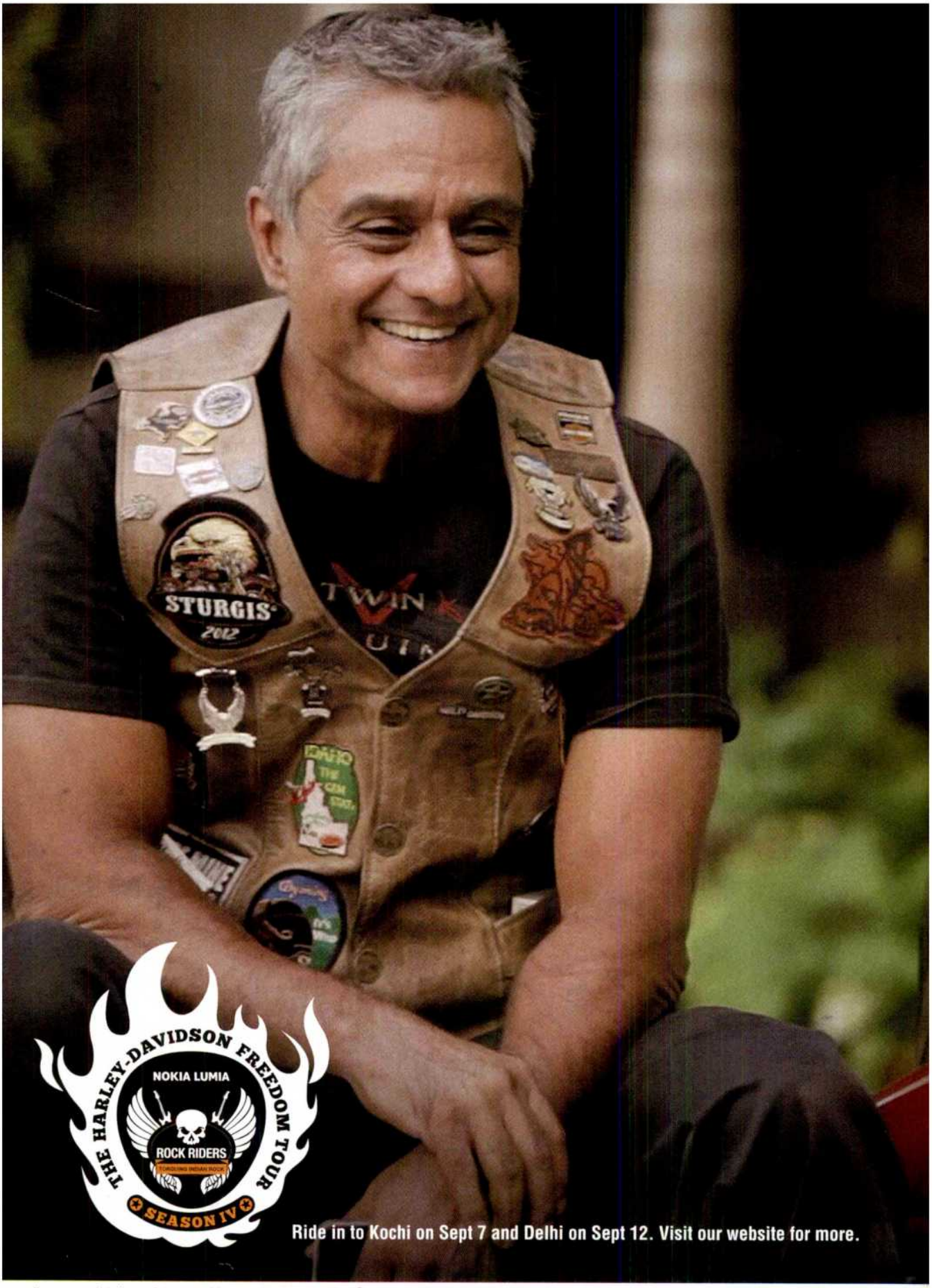
ROLEX

Fluire Hyacinth Earrings
Inspired by nature

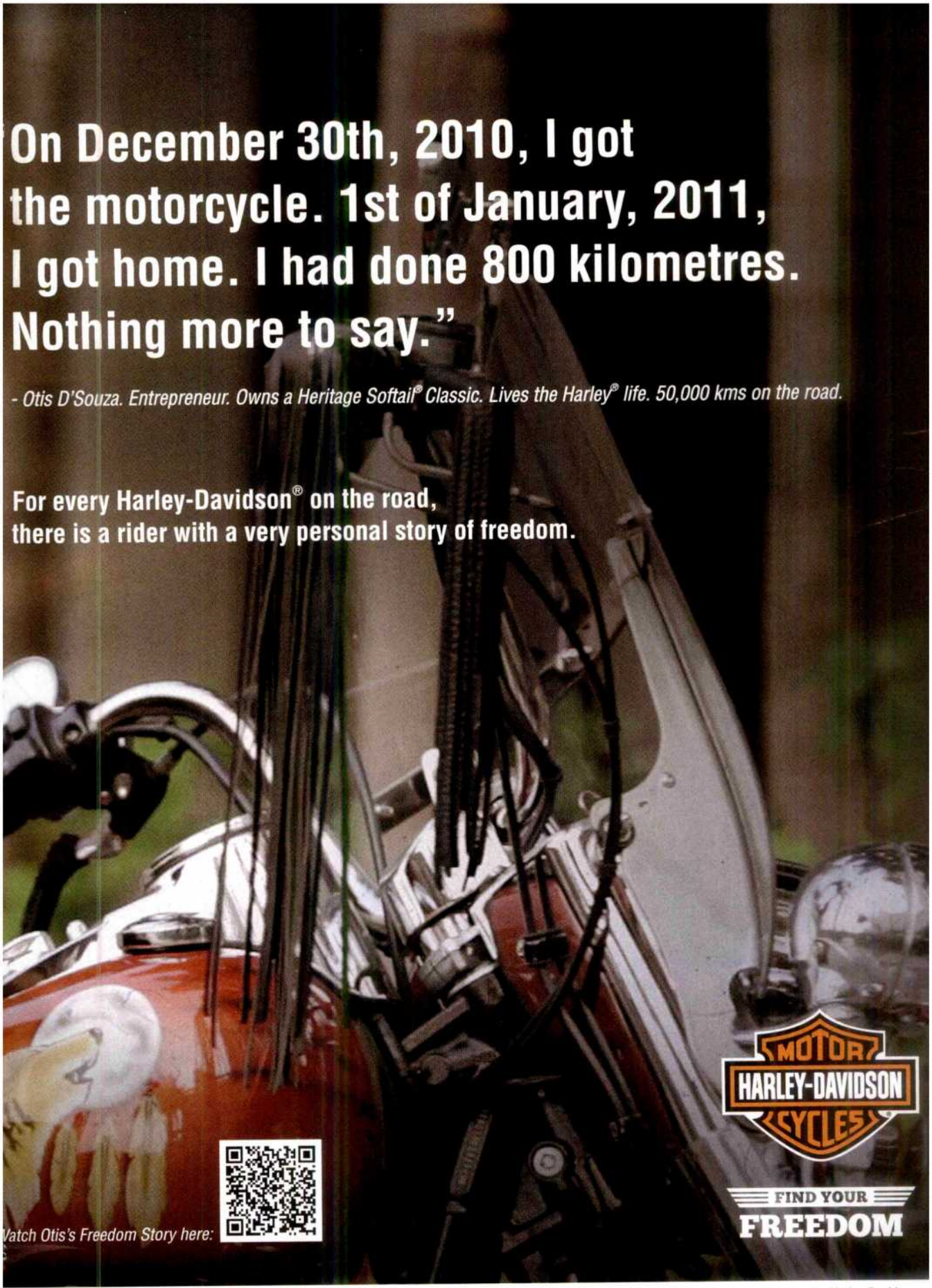
NIRAV MODI

the jewel within

nirav modi, trade point bldg., kamala mills, mumbai - 13
022 6752 2000 / 4004 4222. www.niravmodi.com



For more details and to test ride your Harley-Davidson®, contact your nearest dealership: ***Ahmedabad:*** Nine Bridges Harley-Davidson. Tel: +91 98240 007 +91 79 7170 7070. ***Bangalore:*** Tusker Harley-Davidson. Tel: +91 80 4148 7676 / +91 80 4147 7676. ***Chandigarh:*** Himalayan Harley-Davidson. Tel: +91 99150 25 +91 99150 26699. ***Chennai:*** Coromandel Harley-Davidson. Tel: +91 95001 10704. ***Delhi:*** Capital Harley-Davidson. Tel: +91 95609 65 ***Hyderabad:*** Banjara Harley-Davidson. Tel: +91 80966 66094 / +91 80966 66100. ***Kochi:*** Spice Coast Harley-Davidson. Tel: +91 484 399 7777 / +91 95671 11



Kolkata: Bengal Harley-Davidson. Tel: +91 90070 23239 / +91 90070 67422 / +91 90070 36000 / +91 90070 39000. ***Mumbai:*** Seven Islands Harley-Davidson. Tel: +91 98812 48488 / +91 22 6155 7777. **Find your Harley-Davidson® at www.harley-davidson.in or write to us at rideindia@harley-davidson.com**

Find your Freedom on YouTube www.youtube.com/harleydavidsonindia | www.facebook.com/HarleyDavidsonindia

From the Editor

Looking down at my bowl of gazpacho at dinner one recent night, I realised that I do not own a single moustache spoon, with guards, so that guests with resplendent whiskers could eat soup and not leave any trace behind – the kind made for Maharaja Ganga Singh of Bikaner around 1900. Nor does my wife possess the 34.64-carat Golconda diamond hanging from a necklace made by Van Cleef and Arpels for Maharani Sita Devi of Baroda in 1960. When I brush my clogs, the monogrammed canvas Louis Vuitton case for shoe and linen cleaning kit made for Maharaja Hari Singh of Kashmir is not even a glimmer in my eye.

It is sobering to think, when a gleaming yellow Lamborghini roars past you on a crowded Delhi road, or you watch a foppish young man spooning caviar on to a piece of tandoori roti, or marvel at a very young couple dropping wads of cash at a Tarun Tahiliani boutique, that we are really looking at the results of India Arrested and Released. For about forty years from the 1960s, money was a furtive pursuit. Many of us had it but couldn't flaunt it. I remember as recently as the late 1990s owners of Mercedes-Benz cars in Mumbai were running for cover from extortionists.

It is worth remembering that rich Indians, a.k.a. the "royals", defined luxury for more than a century and a half from the early 1900s (that is if you subtract the Mughals and their fascination with things *farangi*). They kept the jewellers, couturiers, saddle- and suitcase-makers, painters, glass-throwers, horologists, and potters in England and Europe gainfully occupied. *Everything* they wore, ate from, slept in, rode in, and flew in was adorned with their monograms or coats of arms. Everything was bespoke. Everything was unto the manor made.

Sad to say, good taste only raises its timid head as money explodes around us. We confuse luxury with fashion. The two are not the same. Luxury is ethereal; fashion is a following and what we hope will bestow elegance on us. Fashion is ephemeral; luxury is corporeal.

"Luxury must remain invisible, but it must be felt. Luxury is simple; it is the opposite of complication. Luxury is a necessity that begins where necessity ends. Some people think luxury is the opposite of poverty. It is not. It is the opposite of vulgarity. Luxury is the opposite of status. It is the ability to make a living by being oneself. It is the freedom to refuse to live by habit. Luxury is liberty. Luxury is elegance," writes Karen Karbo in *The Gospel According To Coco Chanel*, she of the small black dress. And fashion? Diana Vreeland, editor of *Harper's Bazaar* and *Vogue*, put it her way: "In a Balenciaga you were the only woman in the room – no other woman existed."

So it was with a fair dose of trepidation, but also exhilaration, that *Business Today* embarked on its first Luxury Special. It was a vast and varied quest for both the business of luxury and the reasons for that business to survive and grow in these troubled economic times. We threw out all our stereotypes and stencils and filled this capacious edition with a cornucopia of rich writing, photography and design. It starts with our cover – it does not shriek, it purrs, but below the hood is a powerful assemblage of collectible writing, starting on page 30, not only from the *BT* team but also colleagues within the India Today Group – *Harper's Bazaar India*, *Cosmopolitan India*, *Men's Health India*, and *Robb Report India*, as well as a few outside experts. Your breath will be taken away by what you see, read and savour on the following pages. This was a crowd-sourcing exercise in the finest sense and it is crowned by psychologist and behavioural economist Dan Ariely's pointillist comment on page 172 about the "true and interesting complexity of luxury".

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
www.businesstoday.in/editor

business today

http://www.businesstoday.in

Editor-in-Chief: Aroon Purie

Group Chief Executive Officer: Ashish Bagga

Group Synergy and Creative Officer: Kalli Purie

Editor: Chaitanya Kalbag

Managing Editor: Josey Puliyenthuruthel

Executive Editor: Suveen K. Sinha

Deputy Editors: Debashish Mukerji, K. Sai Srinivas, Alokesh Bhattacharyya

CORRESPONDENTS

Senior Editors: Anand Adhikari, N. Madhavan, Shamni Pande, Sanjiv Shankaran
Senior Associate Editor: Mahesh Nayak
Associate Editors: K.R. Balasubramanyam, Shweta Punj, E. Kumar Sharma, Goutam Das, Ajita Shashidhar, Suprotip Ghosh, Nandagopal Rajan, Manisha Singhal
Assistant Editors: Manu Kaushik, Sunny Sen, Nidhi Singal
Special Correspondents: Taslima Khan, Anilesh Mahajan, Sarika Malhotra, Ajay Modi
Principal Correspondent: Arunima Mishra
Correspondent: Dearton Thomas Hector

COPY DESK

Senior Editors: Uma Asher, Rishi Joshi
Senior Associate Editor: Sugita Katyal
Associate Editor: Sumit Upadhyaya
Chief Copy Editors: Gadadhar Padhy, Roopali Joshi
Copy Editor: Basudha Das

PHOTO DEPARTMENT

Photo Editor: Vivan Mehra
Deputy Chief Photographer: Shekhar Ghosh
Principal Photographer: Rachit Goswami
Senior Photographers: Aditya Kapoor, Nilotpal Baruah
Photographer: Nishikant Gamre
Photo Researcher: Palak Neb

ART DEPARTMENT

Deputy Art Director: Anand Sinha
Assistant Art Director: Anita Jaisinghani
Chief Visualiser: Santosh Kushwaha
Senior Visualisers: Vikas Gupta, N. Ravishankar Reddy, Raj Verma
Visualiser: Sristi Bhatt

PRODUCTION DEPARTMENT

Chief of Production: Dinesh Sachdeva
Production Coordinators: Narendra Singh, Rajesh Verma
Senior Supervisor: Rajkumar Wahi
Senior DTP Designer: Mohammed Shahid

RESEARCH DEPARTMENT

Librarian: Vijaylakshmi Vardan
Assistant Librarian: Satbir Singh
Senior Research Associates: Jyotindra Dubey, Niti Kiran

Group Business Head: Manoj Sharma
Associate Publisher (Impact): Anil Fernandes

IMPACT TEAM

Senior General Managers: Kaustav Chatterjee (East), Jitendra Lad (West), Head (North): Subhashis Roy
General Manager: Shailender Nehru (Bangalore)
Deputy General Manager: Velu Balasubramaniam (Chennai)

Marketing: Vipul Hoon, General Manager; Intekhab Aslam, Brand Manager

Head-Consumer Services: Poonam Sangha, Senior General Manager

Newsstand Sales: D.V.S. Rama Rao, Chief General Manager; Vinod Das, Senior General Manager (National); Manish Shrivastava, Senior Manager (North); Joydeep Roy, Senior Manager (East); Rajesh Menon, General Manager (West); Deepak Bhatt, General Manager (South); Rakesh Sharma, General Manager (Operations)

INDIA TODAY GROUP

Vol. 22, No. 18, for the fortnight August 19 to September 1, 2013. Released on August 19, 2013.

• Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301; Tel.: 0120-4807100; Fax: 0120-4807150 • Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel.: 0124-4948400; Fax: 0124-4030919 Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Pare (West), Mumbai-400013; Tel.: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel.: 044-28478525; Fax: 044 24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025 Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071 Tel.: 033-22825398, 033-22827726, 033-22827922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Ra Bhawan Road, Somajiguda, Hyderabad-500082; Tel.: 040-23401657, 040-23400479; Ahmedabad 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road Ahmedabad-380006; Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road Kochi-682016; Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 • Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301; Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no:1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com

• Sales: General Manager Sales, Living Media India Ltd., B-45, 3rd Floor, Sector-57, Noida (U.P.) 201301; Tel.: 0120-4019500; Fax: 0120-4019664 © 1998 Living Media India Ltd. All rights reserved throughout the world. Reproduction in any manner is prohibited. Published & Printed by Ashish Bagga on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35 Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at K-9, Connaught Circus New Delhi-110 001.

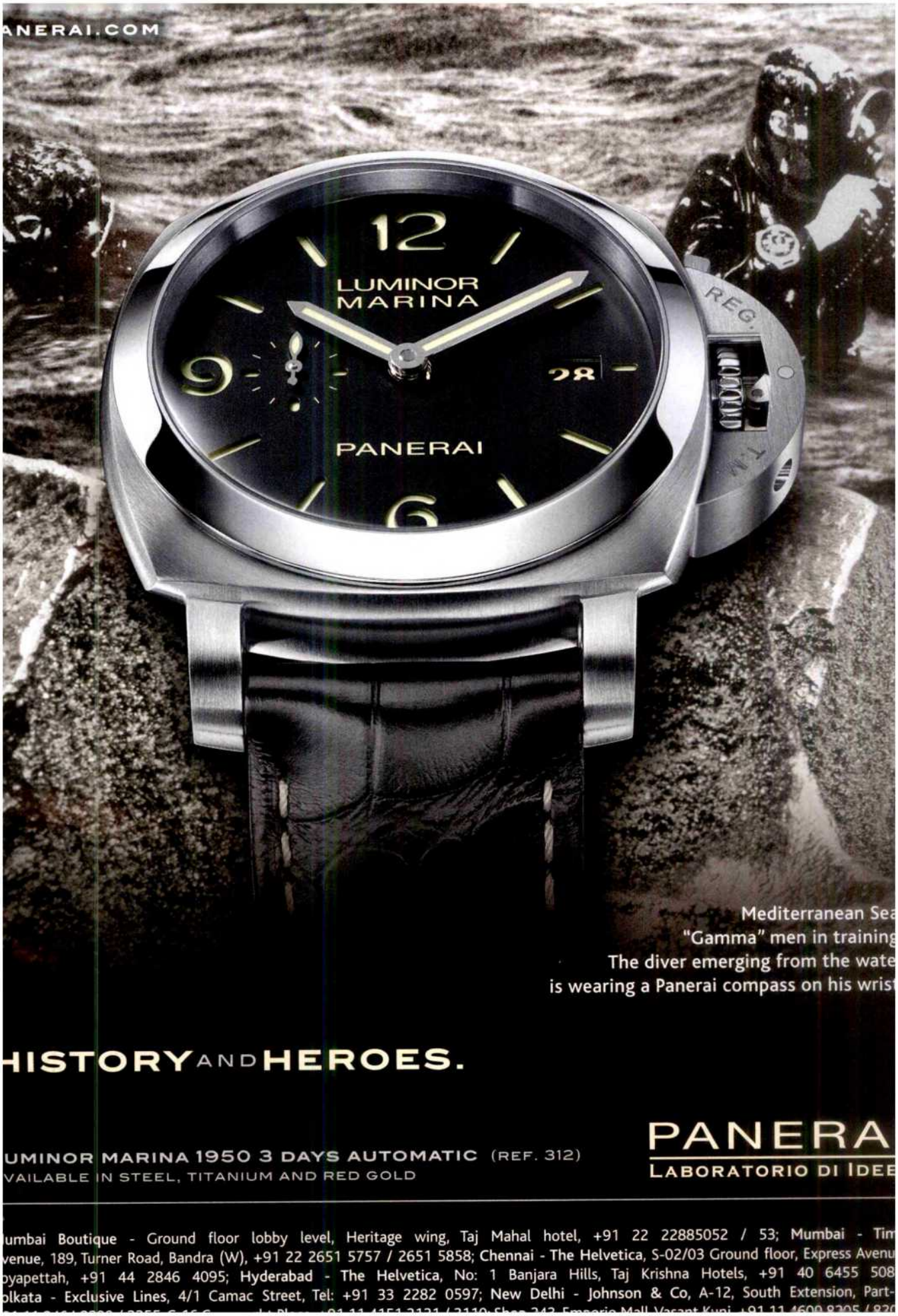
• *Business Today* does not take responsibility for returning unsolicited publication material.

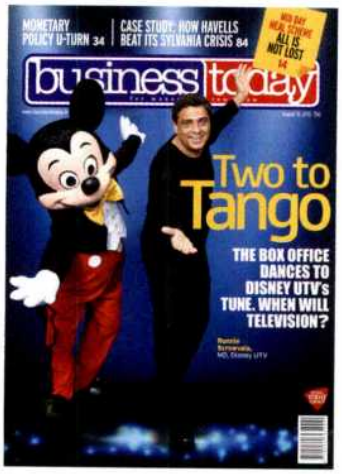
All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only.

SYNDICATIONS TODAY

For reprint rights and syndication enquiries, contact syndications@intoday.com or call +91-120-4078000

www.syndicationstoday.in


ANERAI.COM
12
LUMINOR
MARINA
9
28
PANERAI
6
REG.
Mediterranean Sea
"Gamma" men in training
The diver emerging from the wate
is wearing a Panerai compass on his wrist
HISTORY AND HEROES.
UMINOR MARINA 1950 3 DAYS AUTOMATIC (REF. 312)
VAILABLE IN STEEL, TITANIUM AND RED GOLD
PANERA
LABORATORIO DI IDEE
umbai Boutique - Ground floor lobby level, Heritage wing, Taj Mahal hotel, +91 22 22885052 / 53; Mumbai - Tim
venue, 189, Turner Road, Bandra (W), +91 22 2651 5757 / 2651 5858; Chennai - The Helvetica, S-02/03 Ground floor, Express Avenu
oyapettah, +91 44 2846 4095; Hyderabad - The Helvetica, No: 1 Banjara Hills, Taj Krishna Hotels, +91 40 6455 508
olkata - Exclusive Lines, 4/1 Camac Street, Tel: +91 33 2282 0597; New Delhi - Johnson & Co, A-12, South Extension, Part-



Razor Sharp

Congratulations to Ajita Shashidhar for an excellent feature on Ronnie Screwvala's vast media empire and Disney's grand plans for the future *(Waiting for the Echo,* August 18). It was, indeed, enlightening to read the comparison between Walt Disney and Screwvala. It was also great to hear about Screwvala's theatre days and the learnings he has carried forward since then.

I've had the opportunity to meet Screwvala and he comes across as downright humble. But at the same time he doesn't miss the tiniest of details. He is naturally blessed with razor-sharp business acumen.

Subramanium K.S., *on email*

Key Step for Air India

Kudos to *Business Today* for bringing out an outstanding story on Air India (*Back on the Runway,* August 4). As you have rightly pointed out, the advantage of the Boeing 787 for Air India will be to speed up recovery of its $6-billion investment and help it achieve faster profits. The key step Air India must take – cost optimise its cash operating costs as much as possible. Cash optimisation at TAROM Romanian Air Transport, the national airline of Romania, achieved a net cash saving of $4 million in an annual fuel bill of $62 million. Air India can save much more.

Mark D. Martin, *Founder & CEO, Martin Consulting LLC, on email*

Poor Execution

It was a great idea to list some of the dream development concepts which never worked out in practice (*Going Kaput,* August 18). It is easy to make grand plans; executing them is another matter. All those buzz words of a few years ago – SEZ, UMPP, PPP, NELP, etc – now sound so meaningless.

Rupin Shah, *on email*

Viable Alternative

Thanks for publishing a report on Islamic venture capital funds that was both timely and highly relevant (*Growing Interest,* August 18). Alternative sources of funding such as these will bring diversity to the fund pool available, as well as derisk the businesses using them to some extent. The regulatory hurdles for those taking the NBFC route are many and may take years to overcome.

Athar Shahab, *on email*

Guiding the Young

Your cover story *The Best Companies to Work For* (August 4), will provide guidance to young job-seekers. It is the work environment in a company that determines how attractive it is to work for. But it is partially true that Gen-Y employees look for both meaning and fun, too.

S. Lakshminarayanan, *Cuddalore*

Send all your comments to editor.bt@intoday.com

www.facebook.com/BusinessToday

RBI has not stifled growth, says Subbarao
RBI's action to contain inflation has boomeranged and affected growth. It has not contained inflation. His tenure is a total failure. - **Jayakumar Chandrasekaran**

I agree that RBI has not stifled growth, but it hasn't played smart yet. Being stubbornly safe, not smart, is not the ideal way for growth. - **Akshat Kapoor**

The government begins lawful interception of BlackBerry Messenger services from August 1, putting an end to the prolonged dispute with BlackBerry.
India needs to strengthen its intelligence network to thwart attacks against its interests. - **Hemu Joshi**

GIFT YOUR LOVED ONES THE FREEDOM OF CHOICE

HOW TO CONTACT BT

WRITE TO:
The Editor, Business Today, India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301.
Email: letters.bt@intoday.com/editor.bt@intoday.com
Website: www.businesstoday.in
Unsolicited articles will not be returned or acknowledged.
Business Today reserves the right to edit letters for brevity and clarity before publication.

FOR SUBSCRIPTION ASSISTANCE WRITE TO:
Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) – 201 301
Phone: (0120) 2479900 from Delhi & Faridabad; (0120) 2479900 (Monday-Friday; 10 am-6 pm) from Rest of India; Toll free no. 1800 1800 100 (from BSNL/ MTNL lines); Fax: (0120) 4078080
E-mail: wecarebg@intoday.com

BT SCRAPBOOK
- React to articles in BT
- Suggest story ideas
- Share your experience as consumer or SME
- See what others have to say on our stories on scrapbook at www.businesstoday.in

STORES: AHMEDABAD: 26442802. BANGALORE: 30160121, 40982107. COCHIN: 4060336, 9142491424. CHENNAI: 42613000, 28464224, 30083480. GURGAON: 4665

Reaching the top is good. Staying on top is even better.

This year, VIT has moved up to rank No. 8 among the premier engineering institutions in India.

To be ranked one of India's finest engineering institutions year after year is no mean achievement. But to beat ourselves at our own game is an accomplishment we are proud of. This proves that in spite of our world-class standards in education, an inspiring faculty, the finest infrastructure, a high research output and the best placement opportunities for students, we don't take ourselves for granted. Which is why, we are one of the most coveted premier engineering institutions in India today.

VIT®
UNIVERSITY
(Estd. u/s 3 of UGC Act 1956)
VELLORE ■ CHENNAI
www.vit.ac.in

CONTENTS

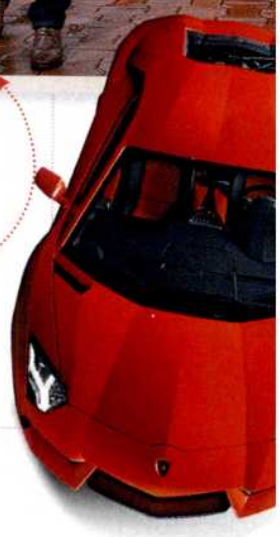
COVER BY ANAND SINHA

44
Loving It, Living It
The past decade has seen the rise of luxury professionals meticulously trained to represent a lifestyle few can afford

30
Money Can Buy You Luxe
Indians in greater numbers are starting to understand what luxury means, and they have the attitude and the money to buy it and flaunt it

40
Oui for Louis
Louis Vuitton once made luggage for Indian royalty. Today, it is reaching out to millions of stylish upwardly mobile Indians

50
Wheels of Fortune
More Indians than ever before are splurging on their dream machines



SEPTEMBER/1/2013
VOLUME 22/NUMBER 18

72
Children of a Greater God
The progeny of the rich, the next generation of luxury consumers, will help India mature into a discerning market for high-end products

58
Ferrari Ki Taiyyari
The process of handing over an ultra-exclusive Ferrari is as distinct as the car itself

78
Romancing the Palate
Expensive, exotic restaurant fare finds a growing number of takers

64
It's a Crewel World
Chennai-based Vastrakala turned a dying tradition into some of the most sought-after embroidery in the world. How this was achieved

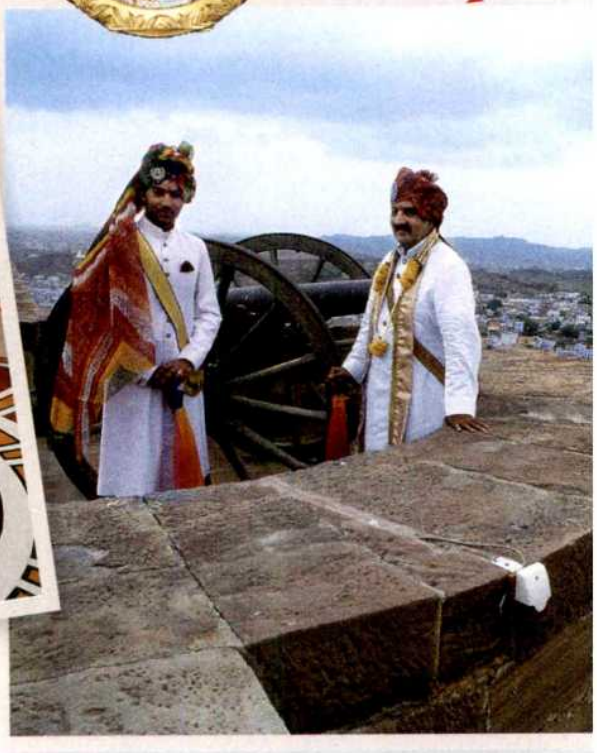
CONTENTS

84
Quality Time
Luxury watches are not about telling time. Indian watch snobs are also buying top-end timepieces to make a fashion statement

96
The Wackiest of Them All
Wealthy Indian clients of concierge services firms sometimes make unusual demands. Here's a list of the 14 most bizarre

90
Genies on Call
Want front-row tickets for a fashion show in Milan or an opera in Venice? Just pick up the phone and call your concierge to fulfil your most extravagant needs

100
The King's Reach
Indian royalty's tryst with luxury over the years



'YOU COMPLETE ME

SAID THE BATHROOM

Roca

From electronic toilets to towel holders, Roca has everything a bathroom needs. With an impressive range of products and thorough attention to even the smallest details, Roca allows you to create bathroom experiences that are complete and exemplary in every sense

SANITARYWARE | FAUCETS AND FIXTURES | VANITIES | WELLNESS

Roca Bathroom Products Pvt. Ltd. Contact us: info.roca@roca.n
To locate your nearest Roca dealer, SMS ROCA<space>Pincode to 5302

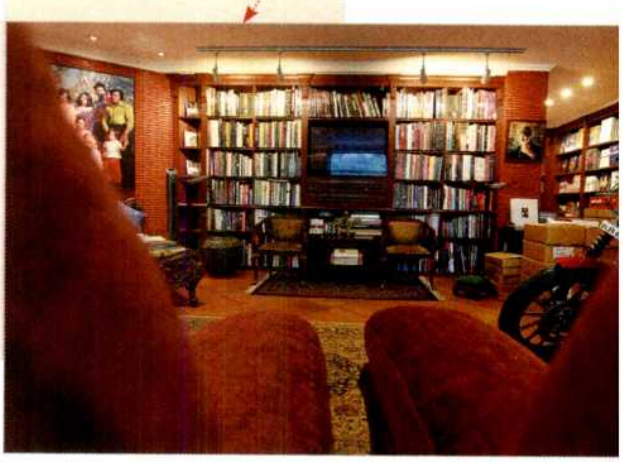
CONTENTS

106
A Foreign Hand in the Home
Globally-renowned interior designers such as Philippe Starck, Giorgio Armani and Jade Jagger are lending their eclectic touch to high-end residences in India

116
Haute Books
Both coffee table and limited edition books are gaining in popularity

120
Big Brand Theor
Authors of three books wh discuss the Indian luxury market say it is not an easy nut to crack

112
The Discreet Charm of Offbeat Investments
The super-affluent in India are looking beyond traditional investment avenues for superior returns and that dash of exclusivity



PLAN YOUR TRAVEL NOW WITH

THE GREAT INDIAN TRAVEL DEAL.

RATES AS LOW AS

Rs.5,500

THE GREAT INDIAN TRAVEL DEAL MAKES TRAVEL EASIER.
With rates from as low as Rs. 5,500, you can enjoy the facilities at the hotels and resorts in the Hilton HHonors™ portfolio and earn HHonors points.

Participating Hotels:

New Delhi
Hilton New Delhi/Janakpuri
Hilton Garden Inn New Delhi/Saket
Eros Hotel-Managed by Hilton New Delhi/Nehru Place

Gurgaon
Hilton Garden Inn Gurgaon Baani Square
DoubleTree by Hilton Gurgaon-New Delhi NCR

NOIDA
Hilton New Delhi-Noida-Mayur Vihar
DoubleTree by Hilton New Delhi-Noida-Mayur Vihar

Pune
DoubleTree by Hilton Pune-Chinchwad

Mumbai
Hilton Mumbai International Airport

Chennai
Hilton Chennai

Vadodara
Hampton by Hilton Vadodara-Alkapuri

Shillim-Lonavala
Hilton Shillim Estate Retreat & Spa

Goa
DoubleTree by Hilton Goa-Arpora-Baga

Book at HILTONINDIA.COM or call 000 800 440 2177

HILTON HHONORS · Hilton · Waldorf Astoria · Conrad · DoubleTree · Hilton Garden Inn · Hampton

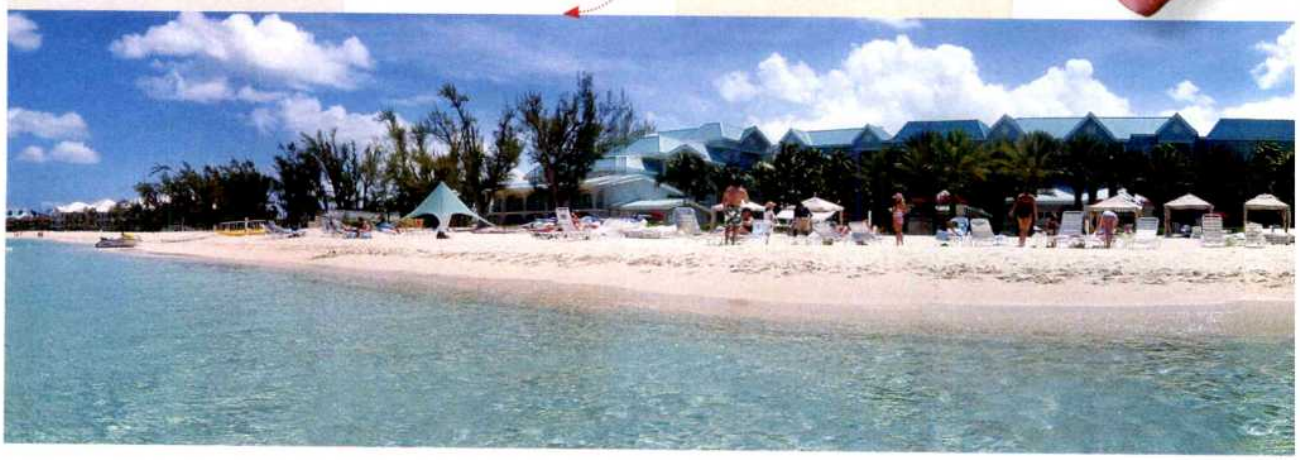
Book between May 13, 2013 and September 30, 2013 and stay at a participating hotel within the Hilton HHonors portfolio in Asia Pacific (excluding Japan and Guam) between May 17, 2013 and October 4, 2013. Subject to availability. Full non-refundable prepayment required at time of booking. Your credit card will be charged immediately for the total amount quoted for the entire stay as reserved and refunds or credits will not be issued. Charges cannot be applied to other stays, services or merchandise. Booking cannot be changed. Must book at least five (5) days in advance of arrival, except where noted. Discounts vary and range from 15% - 30% of select rates. Blackout dates may apply and vary by property. Additional restrictions apply; for full terms and conditions, please visit HiltonHotelsDeals.com. ©2013 Hilton Worldwide.

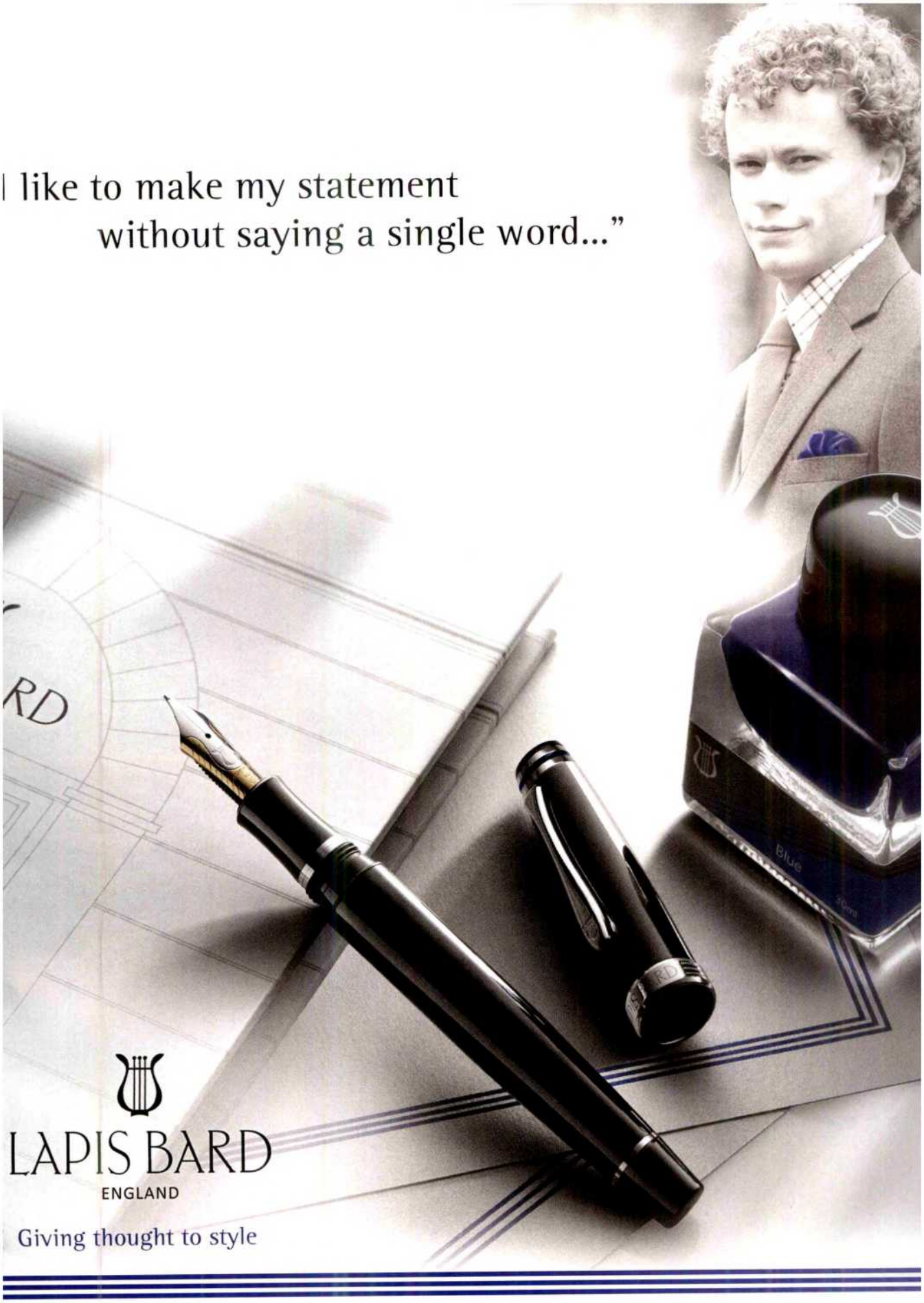
CONTENTS

128
Luxury for Dummies
A crash course on the most popular labels and groups in the business

142
Just Like Heaven
These five luxurious holiday destinations will give visitors bragging rights for years

148
Looking Like a Million Bucks
Want to look like a movie star? Or are you looking to pamper your inner self? Just fork out a small fortune at one of the country's exclusive beauty clinics and spas





Available at William Penn stores across India
www.lapisbard.com | www.williampenn.net

CONTENTS

154
Luxplosion
From home décor, jewellery and fashion to wines and spirits, yachts and private jets. Here's a collection of the best that money can buy

164
The Urge and the Need
Why do we buy diamond-studded watches, exotic-skinned bags, and business-class tickets to that faraway spa camp where everybody speaks in whispers?

172
More Than a Peacock's Tail
Dan Ariely, Professor of Psychology and Behavioral Economics at Duke University, on luxury

Find the Right Job on Page:168-171
Jobs Today
Get Lucky. Get Active on Monster.
• Better Access • Better Connections
• Better Jobs
Powered by: monster Find Better.™

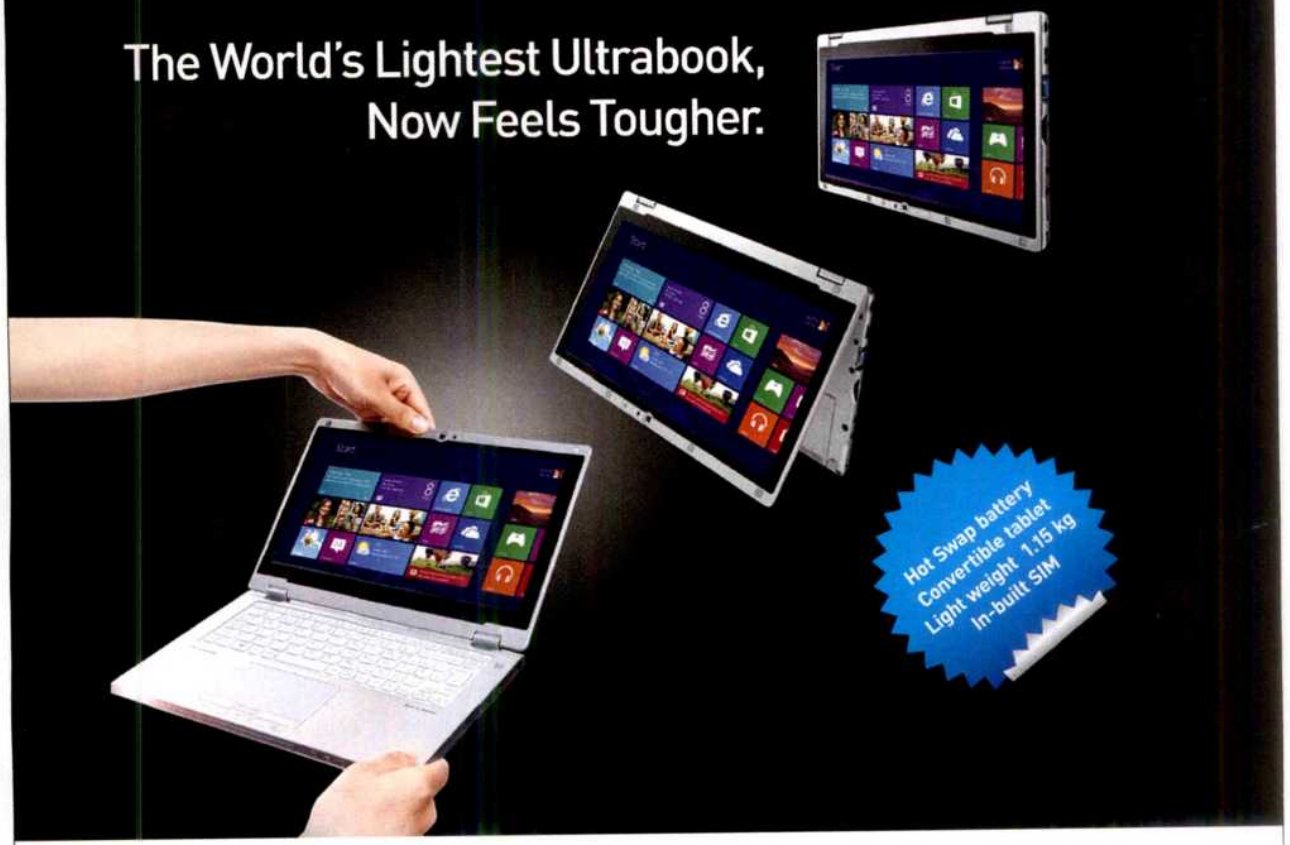
An IMPACT Feature

From time to time, you will see pages titled "An Impact Feature" or "Advertorial" in *Business Today*. This is no different from an advertisement and the magazine's editorial staff is not involved in its creation in any way.

Panasonic recommends Windows 8 Pro.

Panasonic

The World's Lightest Ultrabook, Now Feels Tougher.



Panasonic Ultrabook CF-AX2 – The world's lightest tablet convertible Ultrabook from the Panasonic Toughbook Range.

With the unique 360° flip-over hinge design and light weight, Panasonic Ultrabook makes it ideal for professionals on the go by converting the traditional laptop into a touchscreen tablet. Now get the best of both the worlds in a stylish and sleek design.

Ultrabook™ inside by intel

OS Windows 8 Pro | Business Rugged | Convertible Tablet | Light Weight 1.15 Kg | Long Battery Life 8 hours + | Touchscreen | In-built SIM | 3G Connectivity

Finance schemes with 0% INTEREST & PROCESSING FEE available from BAJAJ FINSERV LENDING & Pine Labs

croma The Electronics Megastore | Reliance Digital Happiness in store

Available at select Croma (Mumbai, Bengaluru & New Delhi) & Reliance Digital (New Delhi, Gurgaon, Bengaluru, Hyderabad & Mumbai)

TOUGHBOOK

Find us on :

Contact us : 1800 103 1 33 I 1860 425 1860 Website: www.panasonic.co.in/toughbook E-mail: toughbook.marketing@in.panasonic.com

ibdbrands.com

ITC: CREATING ENDURING VALUE

BUILDING WORLD-CLASS BRANDS FOR INDIA

102ND ANNUAL GENERAL MEETING, ITC LIMITED, KOLKATA, 26TH JULY, 2013

ADDRESS BY CHAIRMAN, SHRI Y C DEVESHWAR

It gives me much pleasure to welcome you to the 102nd Annual General Meeting of your Company.

I am sure you share my sense of satisfaction at yet another year of robust growth of your Company. This performance is even more heartening given the challenging circumstances in the global economy and the slowdown in India.

It also bears testimony to the robustness of your Company's strategy of pursuing multiple drivers of growth. This portfolio of traditional and greenfield businesses has built a strong foundation to power the ITC of tomorrow and create enduring value for the Indian society.

Enduring Value

As in earlier years, I would like to first present to you the highlights of your Company's Triple Bottom Line performance for the year gone by.

ITC: TRIPLE BOTTOM LINE PERFORMANCE

Gross Revenue for the year grew by 19.9% to over ₹ 41,800 crores. Net Revenue at over ₹ 29,600 crores was primarily driven by a 26.4% growth in both the non-cigarette FMCG as well as the Agri business segments. Profit before tax increased by 20.1%, crossing the ₹ 10,000 crore milestone, while Net Profit grew by 20.4% to over ₹ 7,400 crores.

The non-cigarette segment net revenue has grown 14-fold from about ₹ 1,360 crores in 1996 to nearly ₹ 19,500 crores in FY13. As a result, 58% of net segment revenue of your Company is now from businesses other than cigarettes.

Apart from being the country's leading FMCG marketer, your Company is also the clear market leader in the Indian Paperboard and Packaging industry, a globally acknowledged pioneer in farmer empowerment through its wide-reaching Agri Business, the second largest Hotel Chain in India and a trailblazer in 'green hoteliering'. Your Company's wholly-owned subsidiary, ITC Infotech, is one of India's fast-growing IT companies in the mid-tier segment. This portfolio of rapidly growing businesses considerably enhances ITC's capacity to generate growing value for the Indian economy.

Your Company is also one of the most influential stocks in the Indian bourses and has created substantial value for its investors over time. Market capitalisation, which stood at ₹ 5,570 crores in 1996, has multiplied **50 times** to around ₹ 2,90,000 crores. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound annual rate of nearly 27% during this period.

(Figures in ₹ Crores)

ITC: Financial Highlights 1996-2013		
	1996	**2013**
Gross Income	5,188	43,044
Net Segment Revenue (other than Cigarettes)	1,363	19,494
Profit After Tax	261	7,418
Net Assets Employed	1,886	23,569
Market Capitalisation*	5,571	2,90,000*
CAGR in Total Shareholder Returns in the period 1996-2013: 27%		

*As on 19th July, 2013

It is also gratifying that your Company's exemplary sustainability initiatives continue to receive accolades and global recognition. ITC has been ranked No.1 as the 'Most active in CSR' for two successive years in the Nielsen Corporate Image Monitor. The Bombay Stock Exchange recently instituted two indices titled 'GREENEX' & 'CARBONEX' evaluating several green operational parameters, including carbon performance. It is a matter of pride that your Company has been assigned the highest weightage in both the indices.

ITC continues to be the only enterprise in the world of comparable dimensions to be carbon, water and solid waste recycling positive. These global environmental distinctions have been sustained even though your Company's operations have grown substantially over the years. **Your Company has been water positive for 11 consecutive years; carbon positive for 8 years now and solid waste recycling positive for the last 6 years.**

New benchmarks are being attained with renewable energy constituting over 41% of ITC's total energy consumption. This is a remarkable achievement given the scale and spread of your Company's units. Several factories as well as 5 premium luxury hotels and the ITC Infotech Park in Bengaluru, meet 100% of their power requirements from wind energy. The iconic ITC Grand Chola, unveiled in Chennai last year, achieved the distinction of being the world's largest LEED *(Leadership in Energy and Environmental Design)* Platinum certified hotel in the New Construction category. It was also awarded India's first 5 Star GRIHA *(Green Rating for Integrated Habitat Assessment)* rating by the Ministry of New and Renewable Energy. This is yet another laurel for ITC Hotels, reinforcing its unique position as the greenest luxury hotel chain in the world with every hotel in the chain being LEED Platinum certified.

> **"ITC has been water positive for 11 consecutive years; carbon positive for 8 years now and solid waste recycling positive for the last 6 years."**

Your Company's businesses and the associated value chains today support sustainable livelihoods for more than 5 million people, representing some of the weakest in our society. I am sure this large-scale and meaningful contribution of your Company to the national goal of sustainable and inclusive development gives you justifiable pride and a sense of great satisfaction.

A proud moment this year was the global recognition from one of the world's most respected publications. Based on ITC's consistent triple bottom line performance over 15 years, the Harvard Business Review in January 2013 ranked your Company's Chairman as the 7th Best Performing CEO in the world. I would like to take this opportunity, on behalf of the Board, to thank you and all stakeholders of ITC, including every member of Team ITC, for the unstinted support throughout this eventful journey. Your collective commitment provides the inspiration to attain newer heights of success for your Company in the future.

INDIA'S ECONOMIC CHALLENGES

Five years after the outbreak of the global financial crisis, the world economy continues to remain fragile. The Indian economy demonstrated remarkable resilience in the initial years of the contagion but finally lost ground last year. GDP growth slowed down to a 10-year low of 5%. There was a marked deceleration in agriculture, industry and services. Dampening sentiment led to a cut-back in investment as well as private consumption expenditure — two principal drivers of growth. Inflation remained at high levels fuelled by the pressure from the food and fuel sectors. The large fiscal and current account deficits continued to cause grave concern.

It is imperative that India regains its growth trajectory of 8-9% sooner than later. This is crucially important given the need to create gainful livelihood opportunities for the millions living in poverty as also the large contingent of young people joining the job market every year. Therefore, the core challenges that constrain high rates of growth must be addressed comprehensively and speedily. Foremost among them is the urgent need to contain and find a longer-term solution to deal with Inflation, the Fiscal Deficit and the Current Account Deficit. The Government has announced several policy measures in recent times to tackle these challenges. It is hoped that investor and consumer sentiment would get re-ignited to put the country once again on a high growth path.

To my mind, one of the most critical problems hindering India's growth prospects is the unsustainable Current Account Deficit. The persistently large deficit reveals that the country is yet to attain international competitiveness in several segments of its economy. This is starkly manifest in the composition of India's trade basket. Imports are largely of high-value added goods and services, while exports comprise mostly commodities or relatively lower-value added products and services. It is a matter of concern that even the non-oil, non-gold imports have risen so sharply. For long-term macro-economic stability, it is desirable that the trade account gets balanced on the strength of the competitiveness of Indian goods and services in the export markets rather than on capital flows to finance the deficit. Competitiveness will create the conditions for higher value-added exports and reduce reliance on a falling rupee. Similarly, it can contribute to a larger degree to import substitution to stem the over-dependence on high value-added imports.

"To my mind, one of the most critical problems hindering India's growth prospects is the unsustainable Current Account Deficit."

Therefore, it is very clear that the only sustainable solution to tackle the large Current Account Deficit is to create extreme competitiveness in higher value-added goods and services. That is indeed a daunting task but one that holds the promise of transforming the Indian economy into a high-value creating engine of growth to service the domestic as well as export markets.

It is my belief that tomorrow's world belongs to those who create, nurture and own intellectual property. Such assets form a superior basis for sustaining competitive advantage over the long run. The large current account imbalance also reveals the paucity of domestically owned intellectual property assets. This in turn creates an over-dependence on foreign intellectual property to service even the home market. As a consequence, there is an increasing outflow of payments to overseas entities on account of charges for the use of their intellectual property resident in patents, trademarks, copyrights, industrial processes, designs and so on. These transfers are over and above the large deficit on account of merchandise trade. This over-reliance on foreign-owned intangible assets constitutes an in-built source of future unsustainability of the current account imbalance. **Therefore, creation of intellectual property assets is a vital pre-requisite for attaining international competitiveness.**

THE INDIAN GLOBAL MARKET: DOMINANCE OF FOREIGN BRANDS

In recent times, several media reports have drawn attention to the extraordinary increase in royalty payments to overseas entities. The ET Intelligence Group in one such report brought out that royalty payments by Indian arms of top MNCs have trebled over the past 5 years. The report points out that in FY12, 306 listed companies paid royalty and technical fees aggregating almost ₹ 35,000 crores. A similar analysis by Business Standard of 75 BSE500 companies reveals that these firms paid out royalty equivalent to 32% of their net profits in FY12.

"In recent times, several media reports have drawn attention to the extraordinary increase in royalty payments to overseas entities. An ET Intelligence Group Report points out that in FY12, 306 listed companies paid royalty and technical fees aggregating almost ₹ 35,000 crores."

It is perfectly legitimate that owners of intellectual property seek returns for the use of their assets. However, these media reports have highlighted that the sudden surge in payments took place following the removal of the ceiling on royalty payments in December 2009. These reports seem to suggest that a substantial part of this increased outflow was on account of payments made by the Indian subsidiaries to their overseas parent for the use of brand names established several decades ago. It was further indicated that this spurt in payments did not reflect any noteworthy value-addition from technology transfer by the foreign entities. These media articles also expressed concern at the adverse impact of this huge outflow on minority shareholders and on the exchequer.

Reflecting on these reports, it must be said that the concerns expressed are not without merit. At the core

of this issue is the increasing consumption of foreign-owned brands by a rising population with growing per capita income. These range from run-of-the-mill to high-end luxury products. A closer look, however, reveals an unnerving picture. Today, even for items of daily consumption, the brands consumed by millions of households in India are predominantly owned by overseas enterprises.

The list is large and unending. Be it baby food, baby care products, home care & personal care products, toothpastes, toothbrushes, shaving creams, razors, breakfast cereals, snack foods, tea, coffee, cosmetics, soaps, shampoos, detergents, dish cleaners, beverages, ice creams, chocolates, confectionery, non-generic pharmaceuticals, washing machines, music systems, personal computers, laptops, refrigerators, mobile phones, televisions, cameras, air conditioners, apparel & fashion accessories, stationery products, toys, console games, sports and fitness equipment, luggage, diapers, sanitary napkins, burgers and pizzas, automobiles and many others, including even packaged drinking water, the leading brands in the Indian market are the property of foreign enterprises. Every time these products are consumed, value flows out of the country to pay for trademarks used, licences provided, services consumed and so on. With rising aspirations and growing disposable incomes, this outflow has the potential to increase exponentially over time. These foreign brands have so much been a part of the daily lives of Indian households, and for so long, that most people would genuinely think that they are Indian brands. A majority would have no inkling that every purchase would send value out of the country to the foreign owners.

> **"Instead of bemoaning the huge outgo in terms of royalty, it is much more important to align national and corporate energies to create world-class Indian brands."**

This unenviable situation is indeed a disheartening reflection of the competitive capacity of India's home-grown brands. Despite so many years of Independence and the country's multi-dimensional strengths, it is a sad augury that we do not possess globally competitive brands created by Indian enterprises. True, there are worthy exceptions. Indian consumer brands such as Airtel, Amul, Bajaj, Godrej, Hero, Mahindra, Reliance, Tata, amongst others have found a pride of place in Indian households. Yet these examples are few and far between. For the most part, India's market space has been abdicated to foreign-owned brands.

Be that as it may, apart from a re-examination of the merits of the revised policy currently in force, this issue also needs to be looked through a different lens altogether. **Instead of bemoaning the huge outgo in terms of royalty or other payments, it is much more important to align national and corporate energies to create world-class Indian brands.** Domestic enterprises must build globally competitive brands that can compete with the best in the world on equal terms. In the first instance, such brands by gaining larger franchise in the Indian global market would reduce the outflow on account of consumption of foreign brands in India. Over time, such world-class Indian brands can aspire to win global markets generating an additional flow of wealth into the country.

NEED TO BUILD INNOVATIVE CAPACITY AND WORLD-CLASS INDIAN BRANDS

World-class brands lend a huge intangible value to products and services enabling them to command a premium and loyalty from consumers. Truly world-class brands are an asset that transcends cultural, geographical and sovereign borders to continuously enrich their owners. Moreover, successful brands reflect the innovative capacity of the countries of their origin. When a country's institutions build world-class brands, they enrich their economies. For example, the net sales of Samsung is equivalent to 20% of the GDP of South Korea. **A successful global brand is a badge of honour for the country it belongs to, and a sustained source of wealth creation.**

The mission to create world-class brands in India must therefore assume the fervour of a national movement. Such world-class Indian brands will help create, capture and retain larger value for the Indian economy. In addition to spurring investments and growth, such brands can become a force multiplier for inclusive and sustainable development. By serving as market anchors, these brands can lend relative stability to drive the

competitiveness of the entire value chain of which they are a part. This in turn can further empower the weakest in the economic value chain and generate considerable sustainable livelihood opportunities so critical for our country.

Progressively, world-class Indian brands can contribute increasingly to import substitution, value-added exports as well as larger value-capture from global markets. This will transform the country from one dominated by foreign brands to a player of substance in the global arena. **One dreams of a day when Indian brands become household names across the world, standing for superior R&D, impeccable quality and enduring trust.** This is not only a matter of national pride but an economic pre-requisite if we are to gain equitably from a globalised world. There is no reason why the collective might of India's genius cannot rise to this challenge of making India globally competitive.

"One dreams of a day when Indian brands become household names across the world, standing for superior R&D, impeccable quality and enduring trust."

Despite outstanding entrepreneurial talent, there is no escaping the fact that India cannot boast of globally competitive brands barring a few exceptions mentioned earlier. The moot question therefore is — why is it that the country has not been able to create brands that are in a position of leadership, even for domestic consumption? Building world-class brands is a gigantic task, especially where international brands have had an overwhelming head start and a learning curve spanning multiple decades.

Creation of a new generation of world-class brands demands tremendous staying power with substantial investment commitments over the long haul. It requires deep consumer insight, continuous nurturing of Research & Development, differentiated product development capacity, brand-building capability, cutting-edge manufacturing, and an extensive trade marketing and distribution network. Above all, it demands a determination to succeed against all odds. It is perhaps for this reason that some successful Indian brands, built during a relatively protected pre-globalised period, had to succumb to the might of international players, post the opening up of the Indian economy.

It is noteworthy that the developed countries of the world dominate their domestic markets with their own brands. These brands create tremendous value for their countries by serving both domestic and global markets. Closer home, South Korea and Japan offer a case study of how world-class brands were built as a national priority. India can take a leaf out of their books to create a nurturing environment that supports the efforts of domestic enterprises engaged in building world-class brands.

ITC: ASPIRING TO BUILD WORLD-CLASS BRANDS FOR INDIA

Your Company is inspired by the vision to create world-class brands for India. Over the last few years, it has strived relentlessly towards the realisation of this super-ordinate goal. **The mission is to create unique products, born out of deep consumer insight, to win growing consumer franchise and build world-class brands that would progressively dominate the Indian global market.**

In my earlier addresses, I have expressed ITC's aspiration to be the No. 1 player in the FMCG sector in India, without taking into account its cigarette business. This is evidently an audacious aspiration and one that may not necessarily be realised in my own lifetime. I, however, wish to place ITC firmly on the path to such accomplishment. I am confident that sooner than later, your Company's aspiration will be realised on the strength of the collective passion that has ignited Team ITC in the pursuit of this goal.

You, the shareholders, can draw confidence from the promise visible in the early successes registered by your Company. Significant consumer franchise has been gained in a relatively short span of time for a range of consumer products. **Your Company's new FMCG businesses have gained considerable traction with top-line having exceeded ₹ 7,000 crores in the year gone by.** This growth has been rated by a recent Nielsen Report to be the fastest among the consumer goods companies operating in India. **With your support and all going well with a conducive environment, it is within the realm of possibility that your Company can achieve a turnover of ₹1,00,000 crores from its brands in the new FMCG businesses by 2025/30.**

Indeed, the journey has just begun and there are many miles to go. The progress is encouraging and bodes well for the journey ahead. Your Company's brands such as 'Aashirvaad' and 'Sunfeast' have already

garnered annualised consumer spends of over ₹ 2,000 crores each. 'Aashirvaad' atta is the clear market leader in its segment. The 'Sunfeast Dark Fantasy' brand has also emerged as a market leader in the premium cream biscuits category. In the confectionery business, your Company's brand 'Candyman' is the leader in its operating segment. ITC's 'Kitchens of India' brand leads the gourmet cuisine Ready-to-eat packaged foods market. Within a short time, your Company's instant noodles 'Yippee!' brand has moved to the 2nd position rapidly gaining market share. In addition, the 'Classmate' brand of notebooks and scholastic products has notched up a consumer spend of ₹ 1,000 crores while 'Bingo!', 'Candyman' and 'Vivel' are estimated to have attracted consumer spend of over ₹ 500 crores each.

The consumer response to your Company's Personal Care brands such as 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' show promise. The recently launched skincare brand 'Cell Renew' and the 'Engage' brand of deodorants have both been well received. ITC's apparel brands 'Wills Lifestyle' and 'John Players' have garnered an impressive consumer franchise in a market replete with foreign brands. One or the other of your Company's apparel brands is available in nearly 2,500 outlets spread across the country.

> **"The policy framework should be such that encourages the flow of technology, know-how and investment into India and yet prevents misuse as an instrument of tax arbitrage between related parties."**

India is perhaps the only country in the developing world where domestic world-class cigarette brands nurtured by your Company have been able to outclass any foreign brand by a long margin. The threat from foreign brands, however, is growing due to the exponential growth of contraband cigarettes induced by the high rates of Central & State duties imposed on domestic manufacture.

The leadership of our cigarette brands provides the basis for the cash flows that are enabling the creation of world-class Indian brands in multiple consumer segments. They are also the basis for building the capital-intensive Hotels and Paperboards businesses. Along with Packaging, Information Technology and Agri Businesses, these together constitute vital assets that enable your Company to contribute to all the three sectors of the economy — namely, agriculture, manufacturing and services. These assets have also enabled your Company to be a net earner of Foreign Exchange. In the last decade, ITC group's foreign exchange earnings exceeded US $ 5.4 billion.

ITC Brands: Anchoring CSR and Environmental Sustainability

Your Company's brands anchor the competitive development of value chains extending to the country's rural areas and backward regions.

Brands such as 'Aashirvaad', 'Sunfeast', 'Yippee!', 'Bingo!', 'Kitchens of India', together with your Company's Agri Businesses and the **ITC e-Choupal initiative,** have empowered over 4 million farmers. The **ITC Choupal Integrated Watershed Development initiative** provides soil and moisture conservation to over 1,20,000 hectares. The **ITC Choupal Livestock programme** has provided Animal Husbandry services to over 8,00,000 milch animals, thereby strengthening the dairy value chain and creating livelihood opportunities.

The **ITC Choupal Women's Empowerment programme,** has benefitted more than 40,000 rural women, and is supported by the Agarbatti value chain powered by ITC's Mangaldeep brand. These deep rural linkages, nurtured over the years, have remarkably enriched the rural eco-system in areas where your Company operates.

ITC's brands in packaged consumer goods as well as education and stationery products anchor the **ITC Choupal Social and Farm Forestry initiative.** This programme has greened over 1,45,000 hectares, providing more than 65 million person-days of employment opportunities to poor tribal communities and farmers. Renewable plantations enable your Company to offer the greenest paper and paperboards manifest in its stationery brands such as 'Classmate' and 'Paperkraft' and in the packaging of branded consumer goods.

'ITC Hotels', with its credo of Responsible Luxury, is a world-class brand that has redefined the fine art of green hospitality, contributing to the nation's tourism landscape and as a multiplier of employment opportunities. Its cuisine excellence is legendary with globally acclaimed branded restaurants, such as 'Bukhara', 'Dum Pukht', 'Dakshin', 'Peshawari', 'Royal Vega' and 'Pan Asian'. Your Company's contribution to the tourism sector is further enhanced by brands such as 'WelcomHotel', 'Fortune' and 'WelcomHeritage'.

ITC: Building Innovative Capacity

The ability to innovate and create unique products based on deep consumer insight is at the heart of gaining sustainable consumer franchise. Product development based on cutting-edge Research & Development, ownership of unique intellectual property, development of proprietary technology and know-how are the levers that can move the markets of tomorrow. Recognising this, the dedicated state-of-the-art **'ITC Life Sciences and Technology Centre'** has been expanded and nurtured over the years as an integral part of your Company's endeavour to be in a state of future-readiness at all times. A large pool of highly qualified scientists with global exposure is engaged in finding solutions which we hope will enrich consumer experience in many ways. Your Company takes pride in its fraternity of scientists, who are deeply charged by the inspiration to build a new India. They are indeed contributing to a national cause of building intellectual property in India, sowing the seeds for tomorrow's world-class brands and the basis for the country's progress in the future.

"Since foreign brands entail a royalty outflow, a similar percentage of turnover of Indian brands should also be admissible as a deductible expense for the computation of corporate tax to create a level playing field for domestic enterprises."

NEED FOR A BALANCED POLICY FRAMEWORK

Your Company's progress towards building world-class Indian brands, though impressive, is still in its infancy. The challenge of Indian brands gaining an equitable share of even the domestic middle-class consumer spend looks daunting. With the progressive rise in per-capita income, and 10-15 million youth coming into the job market every year, consumption of branded goods will grow exponentially in the coming years. Given the overwhelming dominance of foreign brands in the domestic market, and with the removal of the ceiling on royalty payments, this can further aggravate the current account imbalance. Such a source of imbalance would be intractable as it would flow directly from domestic consumption linked to consumer preference and habit. It is therefore imperative that the policy framework is reviewed with an added objective to create an environment that helps build and nurture world-class Indian brands in every consumer segment of the domestic market.

It is my belief that the removal of caps on payments such as royalty was well intentioned. It was with the objective to create conditions for the inflow of technology, know-how and investment in areas critical for India's growth and development. There should certainly be no restrictions or Governmental intervention in transactions between two unrelated parties carried out purely on a commercial and arms-length basis. However, such limitless freedom can be misused as an instrument of tax avoidance between two related parties and thus pose a significant risk to the Indian exchequer and to the Current Account balance.

As I have stated earlier, a long-term sustainable solution is to build India's own Intellectual Property in all important spheres ranging from pharmaceuticals, consumer goods to services. As things stand today, tax accrual to the Indian exchequer can be significantly reduced by virtue of ownership of brands overseas. This is due to the considerable difference in Withholding Tax on royalty payments and the rate of Corporate Income Tax providing an arbitrage opportunity. This unintentionally incentivises the foreign-owned brands as well as the development of intellectual property overseas.

The policy framework should be such that encourages the flow of technology, know-how and investment into India and yet prevents misuse as an instrument of tax arbitrage between related parties.

The last Budget tried to bridge this lacuna by raising the withholding tax to 25%. In effect however, in almost all cases, this higher rate of withholding tax is not applicable due to the much lower withholding tax enshrined in the tax treaties. As a consequence, the potentially growing adverse impact on tax collection will need to be bridged by an additional burden that Indian enterprises will have to bear, further constraining their ability to build world-class brands.

It is vital that the policy environment incentivises the creation of Indian brands. **For example, since foreign brands entail a royalty outflow, a similar percentage of turnover of Indian brands should also be admissible as a deductible expense for the computation of corporate tax to create a level playing field for domestic enterprises.** These resources can then be deployed for the development of intellectual property in India as well as for brand building purposes. In fact, a larger deduction should be admissible for new brands for the first 10-15 years of their existence.

It goes without saying that the most durable solution to manage the Current Account Deficit lies in making the Indian economy globally competitive in value-added goods and services. As stated earlier, **the future will indeed belong to those who have the foresight and endurance to create unique and differentiated intellectual property assets.** It is primarily by developing such a repertoire of intellectual property and brands that sustainable wealth and livelihood opportunities can be multiplied in the country.

"India's abilities are second to none and have been celebrated across the world. It is now important to harness these energies to create world-class Indian brands that will bring pride to our country."

CONCLUSION

The journey to create world-class brands in India by domestic enterprises will remain extremely challenging. Multinational Corporations have the benefit of vast resources that lend staying power over the long run.

Yet it is important not to relent, and not to give up. **India's abilities are second to none and have been celebrated across the world. It is now important to harness these energies to create world-class Indian brands that will bring pride to our country.**

Your Company has left no stone unturned to move ahead on this journey based on the strength of its convictions, its proven capability to create winning brands and an abiding vision to put Country before Corporation. It is indeed fulfilling to witness the growing franchise for your Company's young brands, and to know that these vital brands have created much larger value in the form of sustainable livelihoods and environmental replenishment. **This exemplary triple bottom line performance, to my mind, is the most enduring contribution of your Company to our Country and to society at large.**

The aspiration to create world-class Indian brands is your Company's commitment towards creating Enduring Value for our nation — a commitment that is now proudly expressed through the new tag line that adorns the ITC logo. I hope that every time this logo is seen in your Company's products and services, in the physical infrastructure manifest in its assets, and in the social initiatives that span across the country, it will remind our stakeholders of ITC's timeless commitment to create Enduring Value and of our resolve to always put India First.

As we move towards new horizons, I draw strength from Team ITC and from their dedication to take your Company to even greater glory in the coming years.

As I conclude, may I on behalf of the Board and the employees of your Company once again thank you, our valued shareholders, for your continued support and encouragement.

This is the complete text of Chairman, Shri Y C Deveshwar's speech. The 'video on demand' of the speech can be viewed at www.itcportal.com. For a booklet of the speech, please write to ccd@itc.in

MONEY CAN BUY YOU LUXE

Indians in greater numbers are starting to understand what luxury means, and they have the attitude and the money to buy it and flaunt it, say ***Shweta Punj*** *and* ***Manu Kaushik***

Resplendent in a burgundy dress by Fendi and a green-and-yellow Hermes scarf, Aditi Balbir tucks her iPad into a flaming orange Ferragamo case that costs almost as much as the tablet. "For me, it's very important to be well turned out," says the 34-year-old co-founder and director of V Resorts, with MBAs from both the International School of Business, Hyderabad, and Duke University in the US. "When I walk into a room, I want people to say, 'How cool she looks!'"

It's not just coolness. "It's the quality – once you start buying luxury brands, you cannot buy anything else," she says. The economic downturn that began in late 2008 led to luxury brands being sold at more affordable prices, and Balbir, fresh out of Duke University, started her romance with luxe.

She represents the growing segment of liberalisation-era HENRYs – High-Earning, Not Rich Yet – in India. HENRYs earn over ₹40-50 lakh a year. Many start out by consuming luxury as an indulgence, but come to regard it as a necessity. Buying luxury is about more than appreciating fine craftsmanship – it is an affirmation of one's accomplishments to oneself and the world.

For HENRYs like Balbir, luxury brands are not just about the snob value of the label, but also about beauty and style, and a statement about their individuality.

SHEKHAR GHOSH

"I buy luxury brands because I feel I deserve the best"
Aditi Balbir, 34, Entrepreneur, New Delhi

"I am not one of those who will buy to be seen carrying a Gucci or Louis Vuitton," says Balbir. "I buy because I feel I deserve the best. I bought myself a Gucci bag when I turned 30, and it felt really cool. I have a credit running at a lot of stores at Emporio. I almost quasi-work for these companies." DLF Emporio is a luxury mall in South Delhi with 92 stores, including brands such as Canali, Louis Vuitton and Ermenegildo Zegna.

Balbir says she spends nearly ₹2 lakh a month – about half her earnings – on luxury brands. Her five-year-old, Adyant Raj Singh, wore his first Armani when he turned two. Like many of today's HENRYs, Balbir herself did not grow up in the lap of luxury. She says her mother often told her: "You can see but not buy." But after Balbir gave her son the Armani outfit for his second birthday, his grandmother bought him a Burberry shirt for his third. Over 20 years of liberalisation, nearly three decades' worth of mixed-economy disdain for opulence and indulgence has faded, and India is rediscovering luxury on its own terms.

What's Hot

*Projected

Source: Kotak Wealth Management & CRISIL Research
Ultra high net worth households: those with a minimum average net worth of ₹25 crore acquired over 10 years

Rediscovering Luxury

Luxury is, of course, not new to India, whose royalty has long been partial to custom suitcases by Louis Vuitton and custom jewellery by Cartier. In 1926, the Maharaja of Patiala gave Cartier an order to remodel his crown jewels – including a 234.69-carat De Beers diamond – into a necklace that weighed 962.25 carats with 2,930 diamonds. In the 1930s, India accounted for a fifth of Rolls-Royce's sales worldwide.

But luxury in India is no longer the preserve of old money – it is being redefined by those whose wealth has grown in the age of liberalisation. As an industry, luxury is only about a decade old in India. Luxe brands have approached the country with caution and optimism. India's demographic diversity, rich heritage and complex politics, make it a paradox.

A good example comes from Darshan Mehta, President and CEO of Reliance Retail subsidiary Reliance

RELIANCE
Mutual Fund

Get›Set›Invest
An Investor Education and Awareness Initiative by
Reliance Mutual Fund

DIVERSIFY YOUR WEALTH INTO LIQUID, EQUITY AND DEBT WITH MUTUAL FUNDS.

Investing in Mutual Funds allows you to distribute your wealth across Liquid, Equity and Debt.

Give a missed call on 022 33598553 I Visit www.reliancemutual.com

Mutual Fund investments are subject to market risks,
read all scheme related documents carefully.

Brands, whose company has contracts with 15 luxury and premium brands in India, including Diesel. A young man, presumably in his early twenties, got out of a gleaming Toyota Lexus and entered a newly opened Diesel store in Ludhiana, looking unsure. Mehta offered to help and learnt that the man had been gifted the Lexus by his father, who had made crores on a land deal. The young man, a first-time luxury buyer, wanted clothes to reflect the status of the Lexus. "We sold him clothes worth ₹80,000 that afternoon, and he is now a regular customer," says Mehta.

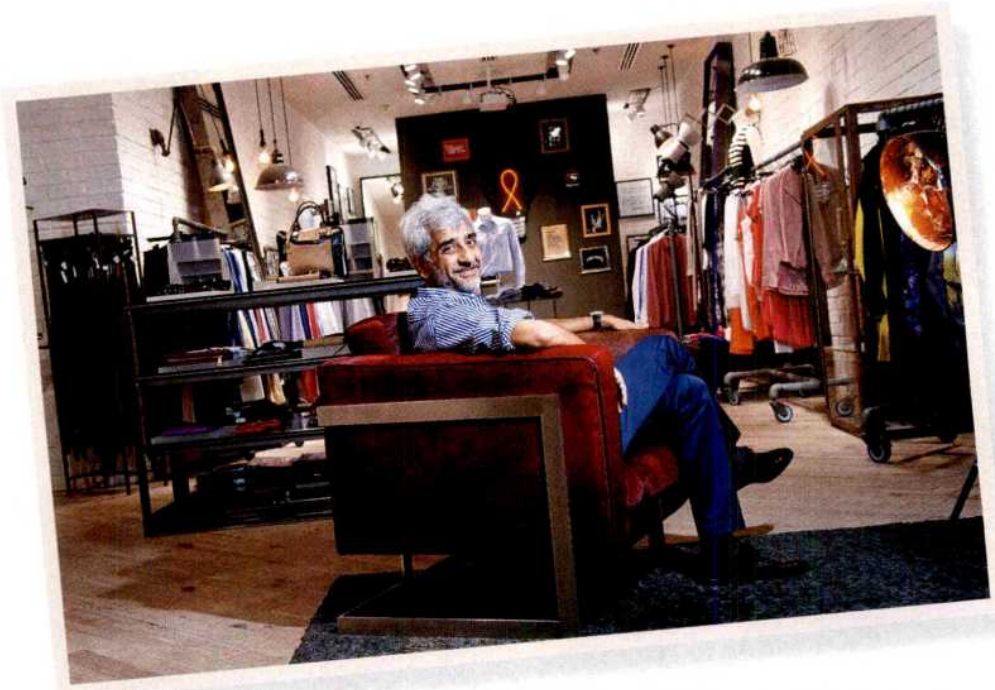
The young man has plenty of company. The number of high net worth individuals – people with more than $1 million in onshore liquid assets – in India grew 200 per cent from 2006 to 2013. Households with an annual disposable income of over $100,000 increased 60 per cent, from 700,000 in 2006 to 1.1 million in 2013.

Meanwhile, the market continues to evolve. Until 2010, it was mainly inheritors of wealth who drove it, but this decade will see a shift to new money, says a March 2013 Bain & Co report titled *Small Ain't Beautiful*. "There has been a change in the consumption basket," says Bain partner Joydeep Bhattacharya.

"People are looking for the real thing... they should walk in and say this is the same store that is available elsewhere," says Mehta. The growing number of demanding consumers, who are as price-conscious as they are brand-conscious, is forcing luxury brands to move out of five-star-hotel cocoons into malls. While a couple of malls sell only luxury, hybrid malls sell luxe and premium brands. Dinaz Madhukar, Senior Vice President, DLF Emporio, says nearly 20 brands are waiting for space in the mall, which is struggling to keep up with demand. "We got some space back from Giorgio Armani for Michael Kors," she adds.

Engaging the Customer

Emporio opened in August 2008, nearly a decade after India got its first luxury brand, Ermenegildo Zegna, and just a month before Lehman Brothers filed for bankruptcy. The mall, with gold-plated taps in the washrooms, ginger lily fragrance, dedicated concierge desk, huge crystal chandeliers and tasteful window displays, was not how India shopped. Initial reactions were polarised. Its air of exclusivity led to the popular perception that shoppers must be dressed in the brands that they're buying – a perception that Emporio has worked hard to change. While privilege and exclusivity are part of the



NISHIKANT GAMRE

"People are looking for the real thing... they should walk in and say this is the same store that is available elsewhere"

Darshan Mehta, President & CEO, Reliance Brands

LG
Life's Good

ENJOY THE WORLD'S FIRST 84 LG ULTRA HD TV
(213 CMS)

Introducing the World's First 84 (213 cms) LG ULTRA HD TV crafted for a spectacular visual delight.
When it's all possible, life's good.

ULTRA HD 3840X2160

84 Gigantic Screen

2.2 Speaker System

ULTRA HD Resolution Upscaler

LG ULTRA HDTV

84LM9600

Experience life-size entertainment with ultra-high definition picture quality and amazing sound, giving incredible depth and liveliness like never before.

Ultra HD 4 Times Higher Resolution Than Full HD

Ultra HD 3840x2160P | Full HD 1920x1080P

Ultra Details

LG ULTRA HD TV | Full HD TV

Ultra Clarity

LG ULTRA HD TV | Full HD TV

Richer Sound
2.2 Speaker System With 2 Woofers

For further enquiries of 84LM9600 contact rahul2.jain@lge.com and gogi.kapur@lge.com

LG 24 x 7 CALL CENTER
1800-180-9999 (Toll Free) | 5757554 (Send SMS) | www.lg.com | serviceindia@lge.com
www.facebook.com/lgindiapage | www.twitter.com/LGIndiaTweets

To know more about LG, visit www.lg.com
For Corporate/Institutional enquiries, please write to enquiries@lgindia.com

Scan QR code with your smartphone to know more about LG Products

Regd. Office: LG Electronics India Pvt. Ltd., A-27, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044

Creative illustration. Based on Internal Survey of TV models available for purchase in August 2012.

GIIR/LG/0019/13

SHEKHAR GHOSH

"Nearly 20 brands are waiting for space in Emporio"

Dinaz Madhukar, Senior VP, DLF Emporio Mall, New Delhi

luxe shopping experience, in India, too much distance might be read as arrogance, and could even put off first-time buyers – an important segment.

Emporio's 'Treasury of Trousseau' show in August let customers meet designers such as Manish Arora, Rohit Bal and Tarun Tahiliani by appointment, for personal consultation. "We want to make every individual comfortable – we don't want anyone to feel intimidated," says Madhukar. DLF Emporio got calls from Chandigarh, Ludhiana, Hyderabad and Pune asking about the festival.

Also going to great lengths to engage the customer is Genesis Luxury, a company that pioneered luxury retail in India and has brought in labels such as Burberry, Jimmy Choo, and Bottega Veneta. It has 47 stores for 14 luxury brands in five cities – Delhi, Mumbai, Bangalore, Hyderabad and Chennai and is now eyeing Kolkata.

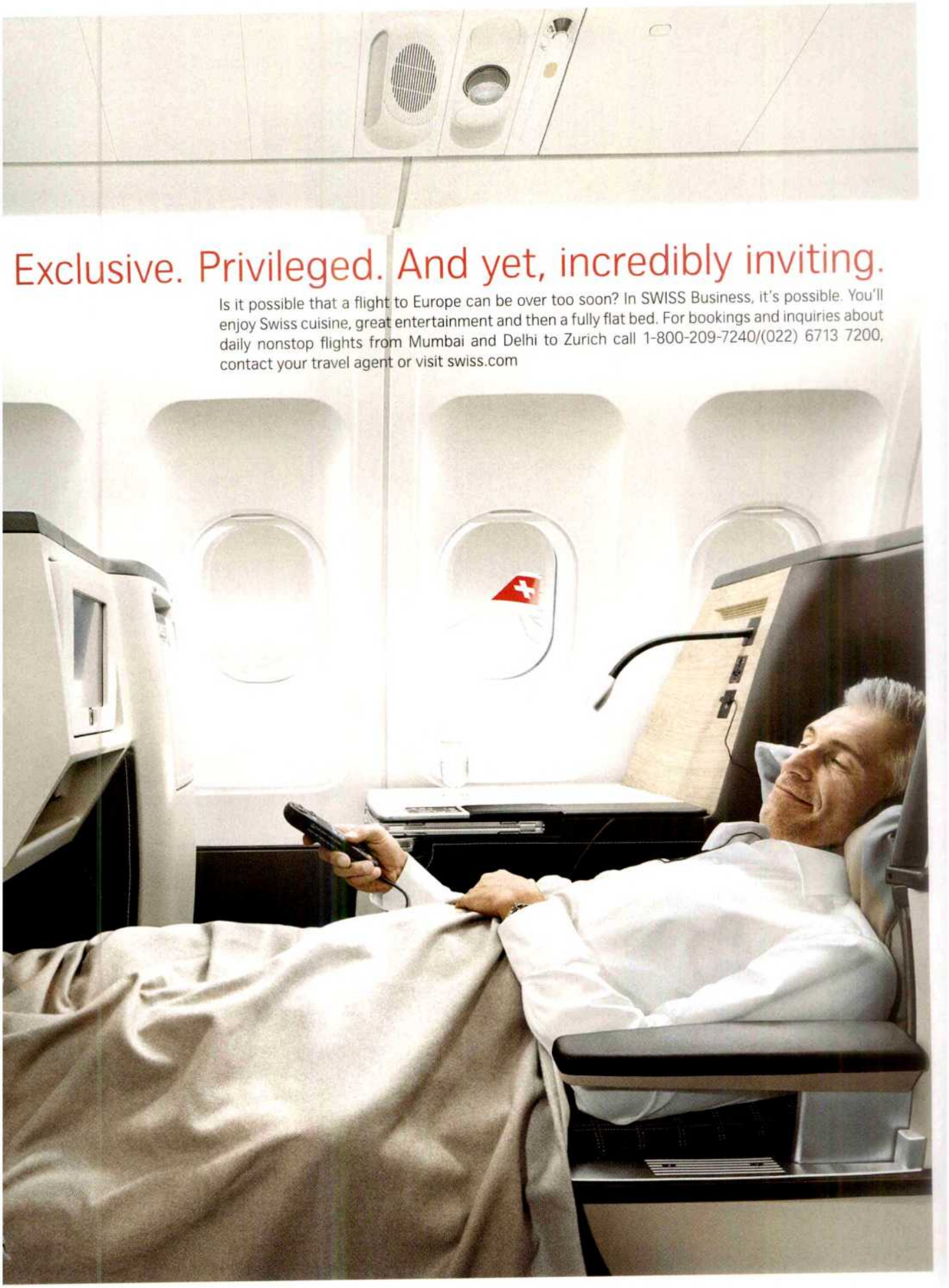
Sanjay Kapoor, Managing Director of Genesis Luxury, says his company tracks the preferences of every customer who has ever walked into one of its stores. He says: "Our system has a record of every buyer or browser and his preferences. We know what a certain customer bought last year at a Canali store in Bangalore, and hence can connect his preferences by showing him the appropriate merchandise in New Delhi at Emporio."

Personalised service, festivals, promotional strategies such as providing expenses-paid holidays or giving away cars to select buyers during the 'low season' (typically the summer months) are all part of the larger effort to engage with customers at the individual level.

Emporio's customers can also saunter across to the DLF Promenade mall next door to browse premium brands, and buy, say, a Zara dress.

On their part, the international luxury brands employ one of three strategies. Auto majors such as BMW and Audi have done well through Indianisation and introducing entry-level prices, and are the market makers. The second strategy is to proceed with caution, as most players have done. Rather than being market makers, they have chosen to be market watchers. And the third is to proceed cautiously but with an element of differen-

Figures for 2012, Source: Bain & Co



Exclusive. Privileged. And yet, incredibly inviting.

Is it possible that a flight to Europe can be over too soon? In SWISS Business, it's possible. You'll enjoy Swiss cuisine, great entertainment and then a fully flat bed. For bookings and inquiries about daily nonstop flights from Mumbai and Delhi to Zurich call 1-800-209-7240/(022) 6713 7200, contact your travel agent or visit swiss.com

Our sign is a promise.

SWISS

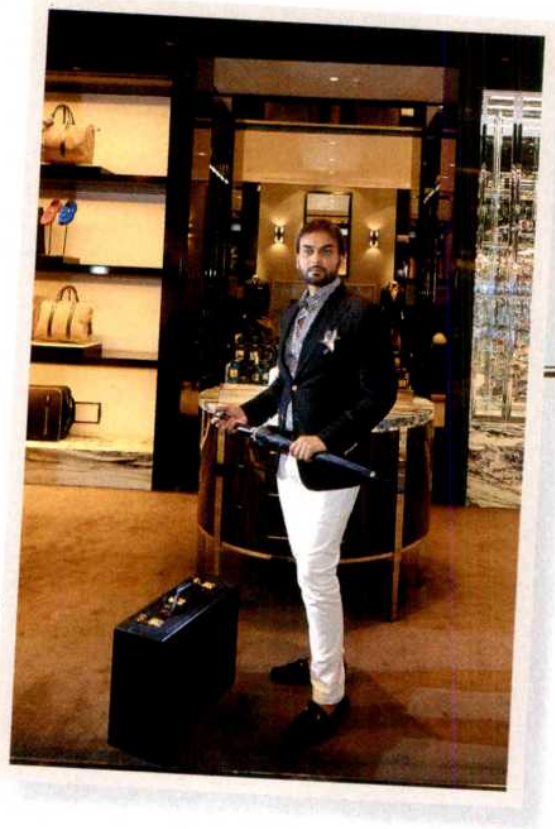
tiation and adaptation to the local environment. Louis Vuitton and Dior, for instance, have brought in a wide range of products and adapted by selling entry-level merchandise, such as belts and wallets.

Miles to Go

India's luxury industry is set to grow at 25 per cent a year between now and 2015, according to an ASSOCHAM-YES Bank study. However, compared to China, India has far to go. China's luxury car market is nearly 30 times bigger, and the luxury watch market in mainland China alone is 15 times larger. At $6 billion, India's luxury market is a fourth of China's $25-billion one. India has about 70 luxury stores, while China has over 1,000. Italian retailer Ermenegildo Zegna has more stores in China than all luxury brands put together in India.

"China's at a level where it determines global sales," says Tikka Shatrujit Singh, Advisor, Louis Vuitton India. "China determines investment policies of every brand."

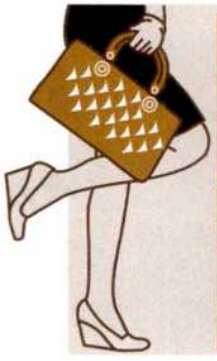
Culturally, too, the Chinese don't have a living heritage to influence their tastes – their imperial past was wiped out in the Cultural Revolution – giving luxury marketers a clean slate. And an evolved retail infrastructure has helped things along. "We are 10 to 12 years behind China," states the Bain report.



SHEKHAR GHOSH

How India Compares

Business models for apparel and accessories



		GLOBAL	INDIA
DAILY REVENUE	per sq ft/in ₹	110-170	60-80
RENT	as % of revenue	10-15	25-30

Source: AT Kearney

"Rents in In are as high a in Europe"

Ritesh Kumar, Director, DS Lux

The Indian mar the other hand, faces challenges. Most brands in India have of 35 to 40 per cent. I are squeezed by exc rents and lack of qual infrastructure. DS I which brought Tom India in 2010, conti take a hit on margi Director, Ritesh Kuma ples with steep rents. "F as high as those in Europe," he says. "DI quoting anything less than ₹1,500 per sq ft."

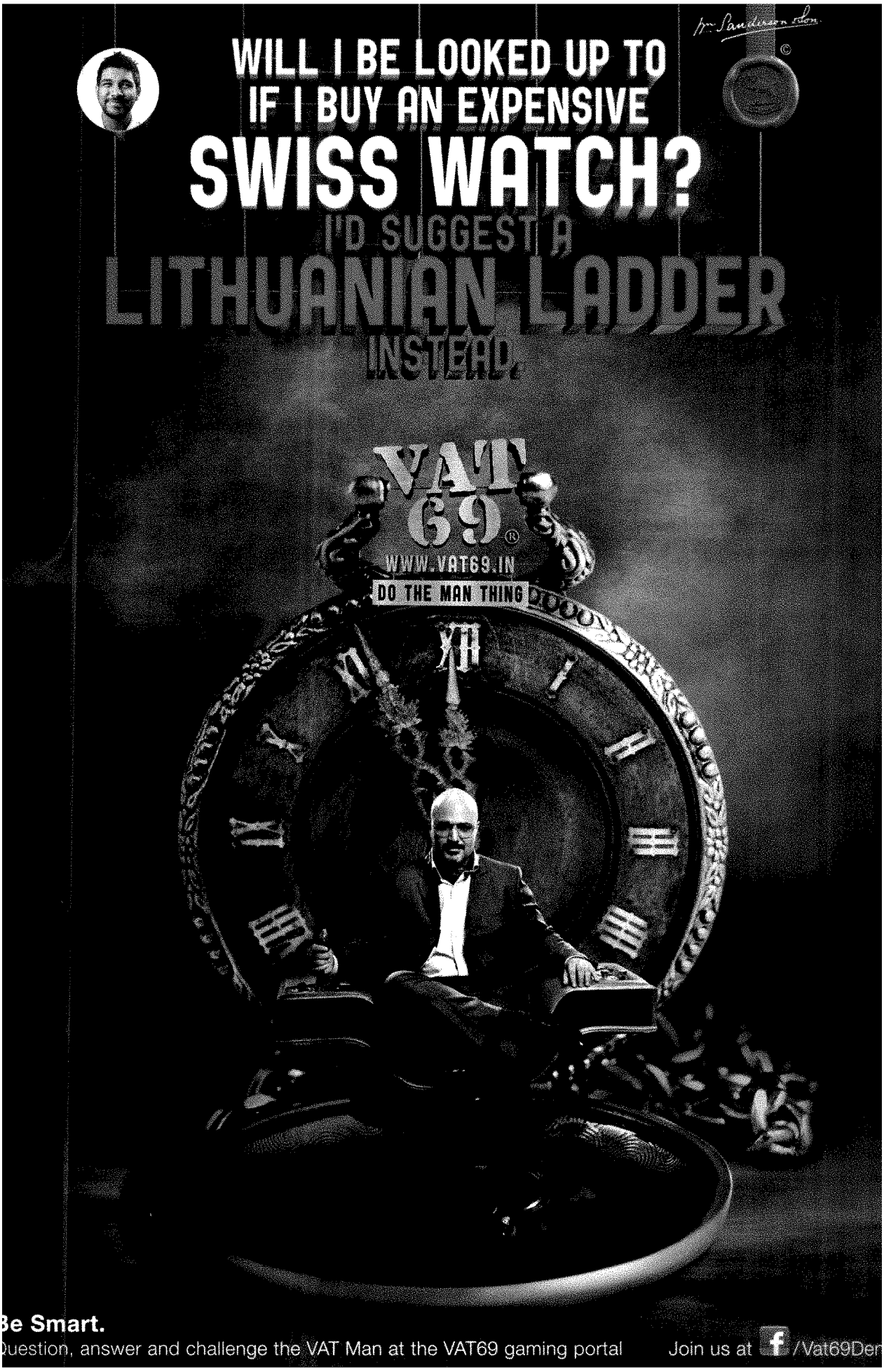
Currency fluctuations are like salt in the wou can't pass on higher costs to consumers, beca might affect sales," says Kumar. "We plan to he rency from next year, if rupee depreciation cont

"At a certain point, an important brand lik whose lifeblood is its retail network, has to tak sponsibility ... to ensure that the brand experier livered to the highest standard," says Patrizio d the company's President and CEO, in an email in

While most luxury companies temper enth with realism, they clearly express optimism al Indian market. Luxury goods, however, contin at prices 30 to 40 per cent higher than in sor markets. Customs duties in India are high – 30 – which is more than double those in Dubai. The range in Indian stores is limited, and new seas lections take longer to get here.

As a result, many Indians still call that f aunt in London for a quick price check – if the much higher in India, the purchase might wa next London trip. However, Emporio's Madhuk to a subtle but important shift: "People are shop a vacation to London, as against taking a vac shop in London."

Send your comments to editor.bt@int


WILL I BE LOOKED UP TO
IF I BUY AN EXPENSIVE
SWISS WATCH?
I'D SUGGEST A
LITHUANIAN LADDER
INSTEAD.
VAT 69®
WWW.VAT69.IN
DO THE MAN THING
Be Smart.
Question, answer and challenge the VAT Man at the VAT69 gaming portal
Join us at /Vat69Den

***Trendsetter:** A Louis Vuitton store in a Mumbai hotel*

OUI FOR LOUIS

***Louis Vuitton once made luggage for Indian royalty. Today, it is reaching out to millions of stylish upwardly mobile Indians, says* Manu Kaushik**

Anuja Menon picked up her first Louis Vuitton handbag when she was on holiday in London in 2008 – and has been hooked to the French luxury brand since. Today, the young Mumbai lawyer's wardrobe is filled with Louis Vuitton scarves, stoles, cufflinks, sunglasses and handbags. Her prized possession: the classic Speedy 25, a compact city bag associated with style icon Audrey Hepburn. "I would not buy expensive things without any reason. I buy them for indulgence or for some special occasion," says Menon.

Louis Vuitton may be a brand once associated with royalty in India. But, today, it is betting on millions of upwardly mobile Indians such as Menon, who have oodles of cash and plenty of style to match. Tikka Shatrujit Singh, advisor to Louis Vuitton India, says people with old money always knew about the brand, but the challenge was to reach out to new clients such

Veronica sunglasses

Kashmir paisley scarf

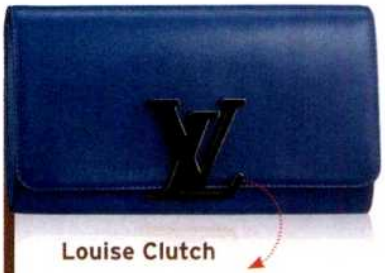
as young professionals and entrepreneurs. "It's the most exciting segment. There are several young individuals making ₹3-4 lakh a month," says Singh, who has been associated with the brand since 1999. "We have a lot of focus on this segment. In the next five to 10 years, they will comprise the majority of our customer base. They will be the game changer."

The company opened its first India store at New Delhi's Oberoi hotel in 2003; today, it has five stores in the country. In many ways, it was a trendsetter in the luxury sector in India. Soon after its entry, several big names such as Giorgio Armani, Gucci and Salvatore Ferragamo also set up shop in the country. Louis Vuitton India's product line – accessories, jewellery and travel-related goods – starts at about ₹25,000 and can go into lakhs of rupees, but it still remains one of the top luxury labels in the country. It sells most of its international line in India with the exception of ready-to-wear clothing, but women's handbags are the clear leader. Women account for a large part of its revenues, although the number of male customers is also going up.

Louis Vuitton sees one-third of India's middle class as potential customers. "We are looking at a population of 100 million. Even if we get 50 per cent, it's huge," says Singh. In order to woo this segment, Louis Vuitton India regularly organises exhibitions with top artists. For instance, it supported sculptor Anish Kapoor for his art exhibitions in Mumbai and Delhi in 2010.

Louis Vuitton's link with India is almost a century old. The company used to make special trunks and luggage for the maharajas of Jammu & Kashmir, Bikaner and Baroda to carry their suits, *achkans*, turbans, shoes, swords and typewriters on long journeys. Interestingly, Singh's great-grandfather, the maharaja of Kapurthala, Jagatjit Singh, expressed his revolt against British rule by opting for the French brand.

Founded in Paris in 1854, Louis Vuitton started with travel products, but metamorphosed into a fashion and accessories powerhouse over time. Today, it is French luxury group LVMH Moët Hennessy Louis Vuitton's flagship brand; the



Louise Clutch

Thunderbolt boot

What the brand sells in India

Accessories, jewellery and travel-related products

€28.1 bn

Holding company LVMH's revenue in 2012

Cabas North South bag

Movie Star sandal

"There are several young individuals making ₹3-4 lakh a month. We have a lot of focus on this segment."

Tikka Shatrujit Singh, Advisor, Louis Vuitton India

group has a portfolio of more than 60 brands including Thomas Pink, Fendi, Kenzo and Bvlgari. In 2012, LVMH's revenues grew 19 per cent to €28.1 billion on the back of a rise in global sales. Recently, Louis Vuitton was ranked number one by research firm Millward Brown in a list of the 100 most valuable global brands.

Indians have also been splurging on Louis Vuitton products. The brand has recorded double-digit growth in the past 10 years and the company says it is making a profit in India. "We wouldn't be re-investing if we were bleeding," says Singh.

But Ritu Rana, CEO of Luxury Hues Consultancy, says the company has a limited product range in India. "Louis Vuitton seems to be in wait-and-watch mode in India. In China, they are slowly phasing out monogram bags, but in India monogram bags are still played up significantly. The company needs to evolve with the customers because they are always travelling," she says.

The Indian operations are still a relatively small part of the parent company's global business. Its expansion plans are crimped by lack of luxury retail space in the country. Its India store count is way below China's 45 and 116 in the US. Singh says high real estate prices in India are to blame. "It is 50 per cent less expensive in China," he adds.

There are other problems such as India's high import tariffs compared with Dubai and Singapore. Also, foreign investment norms on single-brand retail allow foreign players to own 100 per cent in a venture only if they source 30 per cent of their products locally. Louis Vuitton's entire portfolio comes from France. "Many brands have not entered India because of this particular clause," says Neelesh Hundekari, partner at consultancy AT Kearney.

Louis Vuitton opened its **first store** in India in 2003. Today, it has **five** stores across the country

Louis Vuitton India does not sell ready-to-wear clothing partly because of its small stores. The average store size in India is 3,000 sq ft, significantly lower than stores abroad, which range between 6,000 sq ft and 15,000 sq ft. But that is not the only reason. The company has learnt that affluent Indian women prefer traditional clothes such as sarees or *salwar kameezes* made by local designers. So, Louis Vuitton focuses on accessories that can complement traditional clothes instead of competing with them.

Nevertheless, Louis Vuitton India is looking to open more stores, especially in Kolkata and Hyderabad. Singh says the fashion house is now looking at going beyond just hotels. "In Mumbai, because there's nothing available, we are in hotels. We don't want to go to hotels just to have a presence. The visibility and footfall are lower in hotels than malls. If you get 10 clients here, you get 1,000 in malls."

Perhaps India is the final frontier to be cracked open by the luxury giant.

Send your comments to editor.bt@intoday.com

ealise. More

EPSON
EXCEED YOUR VISION

6,000 Prints for ₹699/-

OFFICE PRINTING WILL NEVER BE THE SAME AGAIN.

Convenient 140ml refill ink bottle @ ₹699/-

Revolutionary
Epson M Series B&W Ink Tank Printers

Loaded with advantages for smart offices and powered by Micro Piezo™ technology, the innovative Epson M Series saves cost, power and time, giving you more than any Mono Laser or Inkjet Printer ever can!

THE 12 PAISE OFFICE PRINTING CHALLENGE

Your Mono Laser/Inkjet vs. The Epson M Series

SEE THE DIFFERENCE!	Epson M100	Leading Mono Laser Printer Brand	Other Mono Inkjet Printer Brand
Cost Per Print	**₹0.12** (140ml ink bottle)	₹2 (original toner) ₹0.40 (cheap refill toner)	₹0.62 (ink cartridge)
Initial Page Yield	**8,000 pages***	1,500 pages	700 pages
Prints Per Refill	**6,000** (140ml ink bottle)	1,500 (original toner)	1,600 (ink cartridge)
Draft Speed	**34ppm**	16ppm	34ppm
Power Consumption	**12W**	360W	23W
Print Resolution	**1,440x720dpi**	1,200x600dpi	1,200x600dpi
Networking	**Built-in Ethernet**	No	Built-in Ethernet

*from the starter kit that includes the 140ml ink bottle + an extra 70ml ink bottle

EPSON
M Series

PRINT
EPSON M100
MRP: ₹9,999

PRINT | COPY | SCAN
EPSON M200
MRP: ₹13,999

Also available - the EPSON L SERIES Ink Tank Printers for Home & Office.

ONTACT
PSON TODAY!

eClean e-Waste to e-Clean
call . clear . clean

EPSON SERVICE

Epson Helpline: For product info, service or to order a refill bottle -1800 425 0011
For service -1860 3000 1600 (9AM - 6PM) (Mon - Sat)
Email: think@eid.epson.co.in

www.epson.co.in

LOVING IT, LIVING IT

The past decade has seen the rise of luxury professionals who are meticulously trained to represent a lifestyle few can afford, says **Shweta Punj**

Justin Timberlake's hit *SexyBack* plays in the background in an Armani Jeans store in a mall in Gurgaon, near Delhi – *"I'm bringing sexy back, them other boys don't know how to act, I think you're special, what's behind your back?"* – while 23-year-old Kanchan Dogra points out the finer details on the back of a black dress to a customer. The shopper, a woman in her thirties, seems hesitant, and the perceptive Dogra launches into details of fine craftsmanship that, she says, "make an Armani an Armani".

Dogra, in a logo T-shirt and faded blue jeans, exudes the coolness that Armani Jeans, a bridge luxury brand, wants to project. The Delhi University graduate has worked in retail since she was 16, and is proud to represent a luxury brand, though she can't afford it herself. "It's too expensive for me," she says with a smile, and adds that she will buy it some day.

"I love working here," she says, before going off to attend to a couple that just walked in. She maintains a strategic distance – not far, but not intrusively close, either. 'Maintaining appropriate distance' is part of the training she received as a brand representative.

Elsewhere in the mall, Shubhi Gupta, another sprightly 20-something, tweaks the display in the store of a premium brand, Beverly Hills Polo Club. She has a postgraduate diploma in fashion merchandising and retail management from an institute near Delhi. As a management trainee here, she helps customers make purchases. She commutes an hour each way, and spends nearly half her ₹18,000 salary in the store. "My parents are not happy with what I do, but I'm loving it," she says. "I will be a store manager in six months." The upside potential in her chosen career is nothing to sneeze at: top executives could make over ₹1 crore a year.

Gupta and Dogra represent a growing class of professionals who, a couple of years ago, might have worked in a call centre. But today, they are choosing careers in luxury, which even at the entry-level offer the satisfaction and gratification of being associated with something they and their peers aspire to. They are well turned out, and well informed about the brand they represent.

The decision to work with or represent a luxury

"Everywhere I go, everything I do, I have to keep Dior's culture and values in mind"

Kalyani Chawla, Vice President, Marketing & Communications, Christian Dior Couture India

ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

RACHIT GOSWAMI/www.indiatodayimages.com

"We want people to feel free to ask questions about art"

Menaka Kumari-Shah, erstwhile princess of Tehri Garhwal and Director, Christie's India

brand is a strategic career choice for many. "Recently, I interviewed a girl who has lived and studied in England, and wants to move to Mumbai to work in the communications industry for luxury brands," says Archana Jain, founder of PR Pundit, a public relations firm that works with luxury clients.

She says she looks for people with exposure to the luxe lifestyle. "You can't have someone who ... cannot hold a dinner conversation. You need to know where to go for the best. I cannot just give flowers to someone – if they are lilies, they have to be the best, and they need to be packaged uniquely. That's the expectation from me."

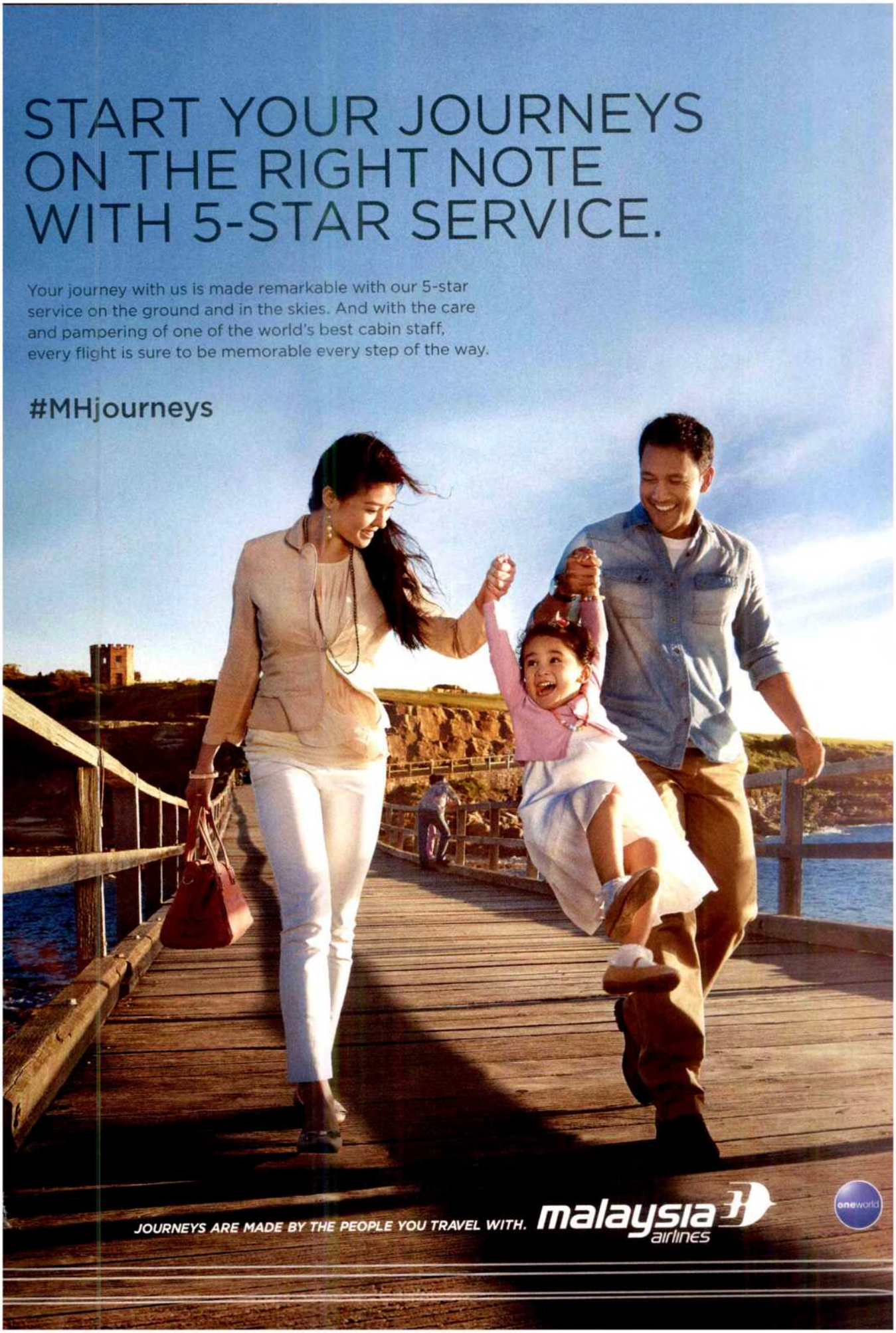
Living the luxe life is not easy. The pressure to maintain standards – what you wear to an event, whom you speak with, where you go – never lets up. Luxury professionals, like politicians, subliminally promote what they stand for – if a politician's khadi represents austerity and social service, a luxury professional has to embody the good life.

Jain goes to Paris twice a year, and picking out clothes for the trip is an important item on her to-do list. She says: "I was in Paris for the fashion week, and got called for an important meeting. I remember calling my colleague in Delhi, frantic that I was not appropriately dressed." Today, she is turned out in a silver-grey COS shirt, Tod's ballerinas and a Panerai watch for our meeting at an upmarket cafe in Lutyens' Delhi.

Behind the glamour are long work hours and hectic travel. Kalyani Chawla, Vice President for Marketing and Communications at Christian Dior Couture India, goes to Paris nearly five times a year. "Everything I do, I have to keep the code of house in mind," she says, referring to Dior's culture and values.

When she spoke with *Business Today*, she had just come off nearly a month of bed rest, and her leg was still in a cast. Yet her hair was perfectly blow-dried, make-up flawless, and nails impeccably manicured. Despite the cast covered in "get well' scribbles, she looked glamorous. "Dior is the world's most luxurious brand," she says. "It makes it that much more daunting a task to know that you are that one person holding the brand in India."

Chawla is also Dior's social brand ambassador in


START YOUR JOURNEYS
ON THE RIGHT NOTE
WITH 5-STAR SERVICE.
Your journey with us is made remarkable with our 5-star service on the ground and in the skies. And with the care and pampering of one of the world's best cabin staff, every flight is sure to be memorable every step of the way.
#MHjourneys
JOURNEYS ARE MADE BY THE PEOPLE YOU TRAVEL WITH.
malaysia airlines
oneworld

NISHIKANT GAMRE/www.indiatodayimages.com

India – she drives demand by directly interacting with potential customers. It takes a combination of personal appeal, the right network, and being informed. Every time she is out socialising, she is representing and selling Dior. She says that one of the main functions of her job is to create awareness, and adds: "One has to be very conscious of standards. I have to think a lot before taking any decision. I can never cross the line that Dior stands for."

Elegance is so crucial to her work that she had Dior cutlery and tablecloths flown in from Paris for an exclusive event she hosted for the opening of a boutique in Mumbai three years ago.

India's demographics and buying behaviour are varied, so most luxe brands give, as PR Pundit's Jain puts it, a "very loose brief" to the communications professionals who strategise how the brand should be presented to the Indian market. "Luxury is in the details – it's what you present," says Jain. She is trained in visual merchandising and travels a couple of times a year to learn about new collections.

Gaurav Bhatia, Marketing Director, Moët Hennessy India, joined LVMH Moët Hennessy Louis Vuitton in India in 2007, fresh from his advertising days on Madison Avenue, New York. "I wanted to be part of the first generation of luxury marketers in the country," he says. "Our goal is to deliver tactile experiences to the consumer ... It's not always about a 360-degree plan. One wrong strategy and we could tarnish centuries of brand-building. We have to be very careful, very nurturing."

"I wanted to be part of the first generation of luxury marketers in the country. Our goal is to deliver tactile experiences to the consumer ... It's not always about a 360-degree plan"

Gaurav Bhatia, Marketing Director, Moët Hennessy

As part of the strategy of Christie's India, Menaka Kumari-Shah, Country Head and erstwhile princess of Tehri Garhwal, supports charitable causes while creating awareness and fostering a dialogue about art. Christie's team offers advice on storing and building a collection.

Shah says: "A lot of collectors in India are buying old books, manuscripts, maps, silver, and prints. We want people to feel free to ask questions about art. The Christie's auction will bring in a degree of openness." Christie's will hold its first auction in India in December.

Luxury as an industry in India is barely a decade old. Brands have proliferated, and business has grown all around. PR Pundit, for instance, got its first luxury client in 2001, and it now works with 12 brands.

Getting the right talent is a challenge. Usually, luxury brands send representatives from their global headquarters to train their India staff. Every effort is made to ensure a global experience for Indian customers.

Recognising the talent vacuum and India's growing romance with luxury, the Indian Institute of Management, Ahmedabad, started a five-day executive course in luxury management in 2008. This year's class included professionals from the hospitality and jewellery industries. Participants cough up a fee of ₹1.25 lakh. Because, after all, although luxe professionals are often told to 'love it, live it', a little training goes a long way.w

Send your comments to editor.bt@intoday.com

Say YES to FINANCIAL & SOCIAL INCLUSION

- **YES BANK livelihood program touching over 1.3 lakh 'Bottom of Pyramid' families in more than 500 villages across 12 states**
- **40 lakh+ transactions saving the nation 2 Crore productive man hours[1]**
- **Over ₹ 1,600 Crores remitted by over 8 lakh urban customers**
- **Over 12 lakh recipients largely in RURAL INDIA through NPCIs Mobile Remittance platform**
- **70% of Mobile Engine transactions at NPCI[2] contributed by YES BANK**
- **YES Sahaj Micro ATM facilitated 2.25 lakh transactions worth ₹ 68 Crores**

1. Calculated at saving of 5 hours per remittance by migrant workers 2. As per NPCI's data of P2A payment engine

Financial Insights™ An IDC Company — FIIA Financial Insights Innovation Award

Excellence in Domestic Payments
Financial Insights Innovation Awards
Singapore, 2013

NASSCOM FOUNDATION

NASSCOM Social Innovation Honours (ICT Led Social Innovation by a Corporate) 2012 & 2013

Golden Peacock Innovative Product/ Service Award 2012

FINNOVITI 2012

Best Remittance Knowledge Bridge CEO's/ CXO's Finnoviti Awards 2012

Best Overall Mobile Lifeline Launch Award Connected World Forum Awards 2012

COMPUTER SOCIETY OF INDIA ESTD. 1965

Computer Society of India Banking and Innovation Remittance Knowledge Bridge 2012

IAMAI

Best Mobile Banking Project IAMAI 2012

FINANCIAL INNOVATION FOR INDIA

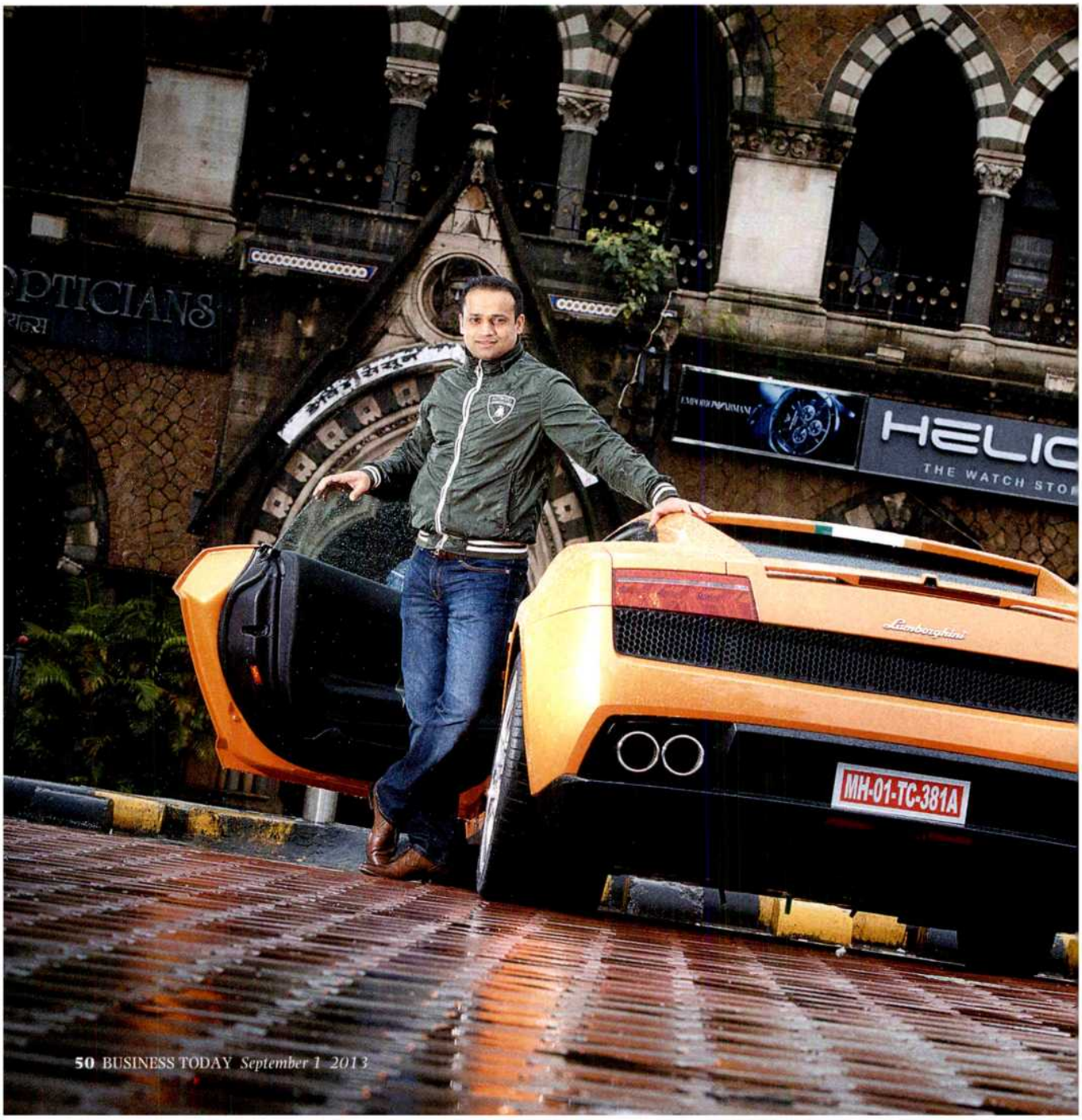
YES BANK

475 Branches Pan India | 1050+ ATMs

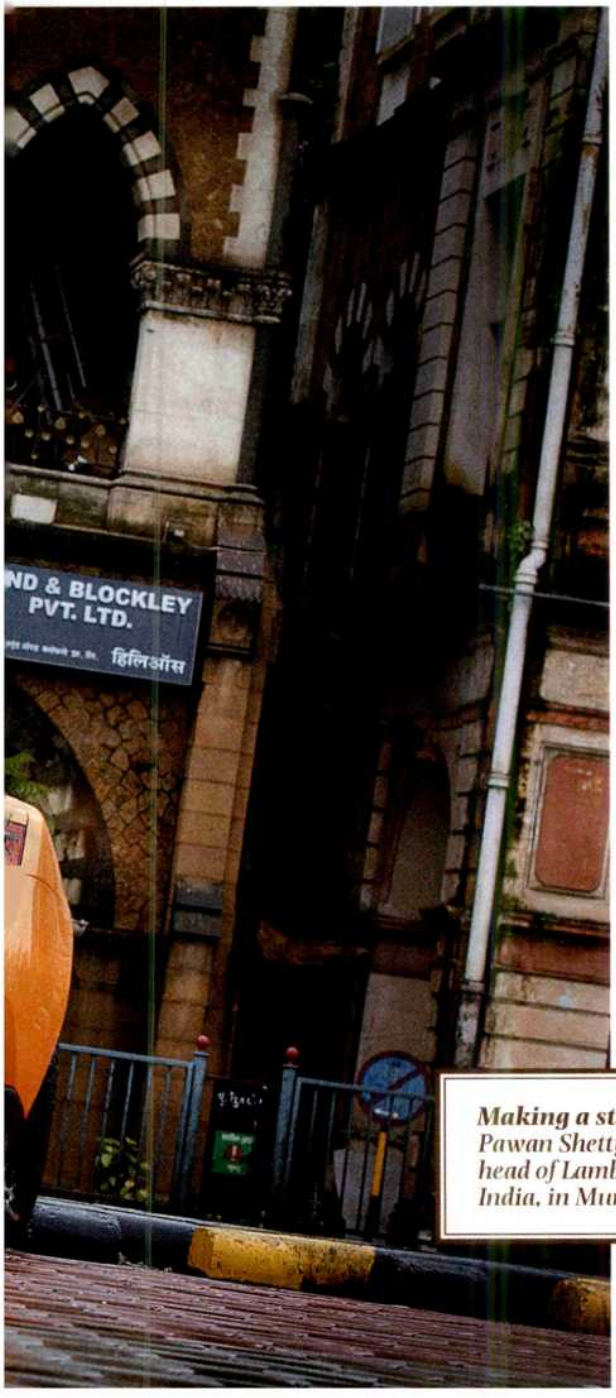
Corporate and Registered Office: Nehru Centre, 9th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai- 400018. India. www.yesbank.in

The logos and trade marks (other than that of YES BANK) indicated are of their respective owners and YES BANK is using the same merely for description.

WHEELS OF



FORTUNE

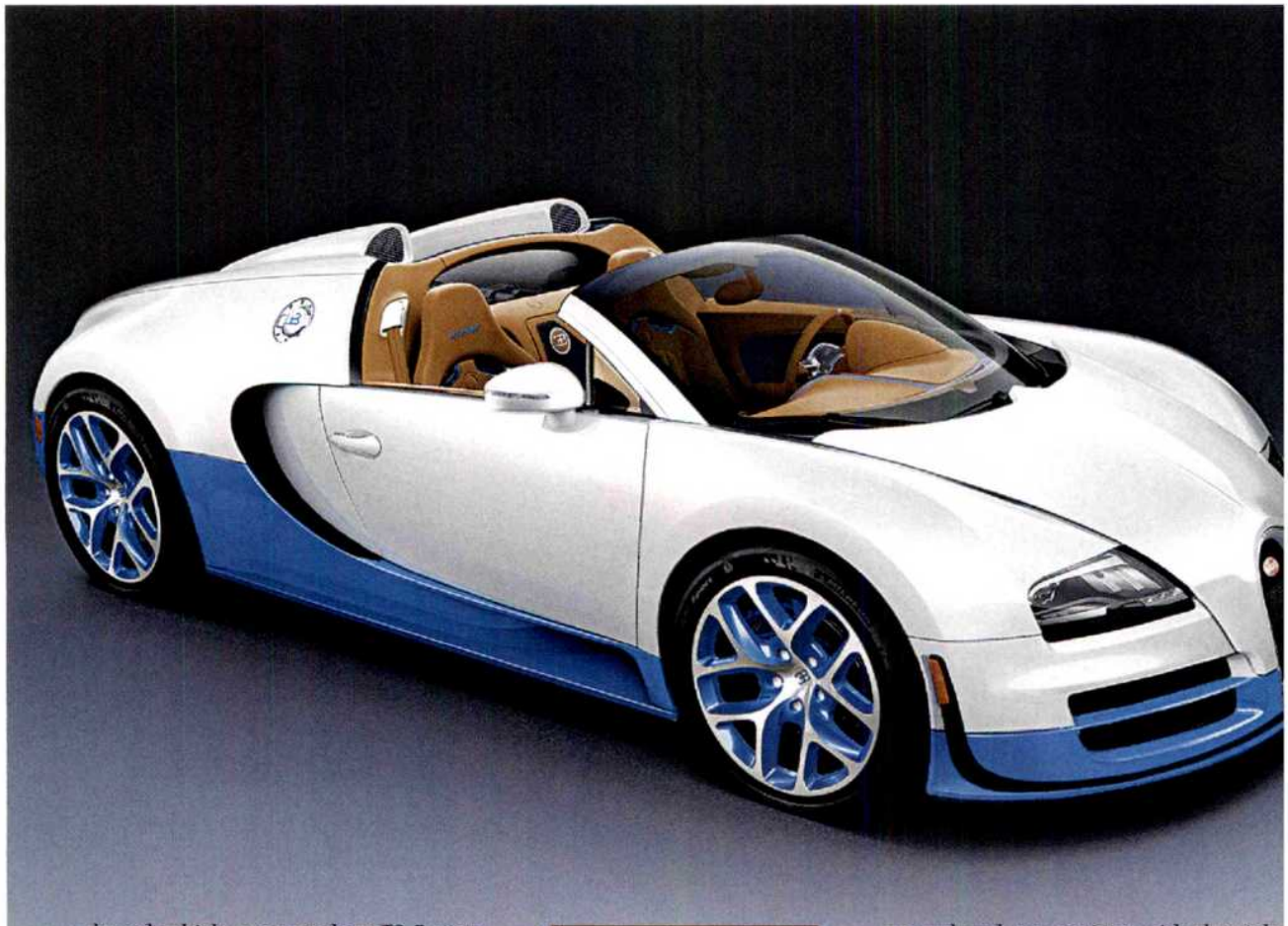


***Making a statement:** Pawan Shetty, country head of Lamborghini India, in Mumbai*

More Indians than ever before are splurging on their dream machines. Sunny Sen drives into the world of super-luxury cars to meet the buyers and sellers

His diamond ear studs, Canali suit and fine leather briefcase ensure Varun Jain grabs attention whenever he enters a room. The director of sales and marketing at family-run liquor maker NV Group makes an impression on the streets as well. He drives a Bentley Continental GT with a growling four-litre V8 engine, and every time he halts at a traffic signal, heads turn. Why did he choose this marque British brand? "My dad has a Rolls-Royce, but I am too young to drive such a car," says the 30-year-old. "I prefer the Bentley because of the craftsmanship. It's more personal."

When it comes to super-luxury cars such as the Rolls-Royce or the Bentley, personal preference is what dictates the super-rich's choice. Rolls-Royce, a unit of German auto giant BMW, is mostly chauffeur-driven. Bentley, part of another German giant, Volkswagen, has a sporty image that attracts young people like Jain. The Continental GT model currently costs about ₹2.8 crore at showrooms in Delhi. The Bentley Mulsanne Grand Touring is priced at about ₹5 crore. Jain spent ₹12 lakh more to customise the leather and wood used for the interiors, as well as the wheels and carbon fibre on the exterior. Nor is this Jain's first foray into super-luxury cars. He also owns a Lamborghini, another Volkswagen



brand, which comes at about ₹2.5 crore.

There are only a handful of super-luxury car brands in the world: the Volkswagen Group's Bentley, Lamborghini and Bugatti; Fiat's Ferrari and Maserati; and BMW's Rolls-Royce. The British brand Aston Martin is the only one which is not part of a global auto conglomerate. All these cars cost ₹1.5 crore or more in India, and are by no means a common sight. They whiz past occasionally, especially in the millionaires' districts of Mumbai and Delhi, but that is about it.

Rocketing forth: *The 2013 Bugatti Veyron 16.4 Grand Sport Vitesse has a top speed of 410 kmph. Its cost – ₹17 crore*

But the scenario is changing. Though super-luxury cars are still a rarity, they are much more visible now than a decade ago, as the sheer numbers of the wealthy have grown and some of them have been splurging on their dream machines. Sales have jumped to 200 cars a year now compared with 50 to 60 about 10 years back, according to industry estimates.

If the cars are singular, even more so are their dealers. Satya Prakash Bagla, owner of Exclusive Motors, is the lone seller of Bentley and Bugatti in India. Bentley took two years to thoroughly evaluate Bagla, his background and connections with the rich and famous, and his ability to sell the machines before he was given the dealership. "Luxury has no definition, it's an emotion," says Bagla, who himself drives a Continental GT. The pinnacle of luxury is the Bugatti, which costs about six times as much as a Bentley. "It's for customers who want something extremely special, which stands out and is unique," he says.

Ashish Chordia has personally observed the rise in wealth and change in attitude of the rich, which has made them much more amenable to spending on luxury. Chordia founded Shreyans Motors, which operates dealerships for Ferrari and Maserati cars, as well as fashion brands such as Dolce & Gabbana and Fendi. He says he has sold around 1,600 cars in the past decade, most of them Porsches, which carry a price tag a tad below ₹1 crore. "Spending ₹2.5 crore on a car today does not seem absurd," says Chordia. "The appeal of such cars has become much broader."

The profile of the buyers has also changed. These cars are increasingly being bought by the newly rich and

www.mahagunmirabella.com

MAHAGUN
A NAME THAT PERFORMS

LIVING SPACES • WORK SPACES
COMMERCIAL SPACES

NOW LAUNCHING

AN URBAN STATEMENT OF ROMAN ARCHITECTURE & MODERN COMFORTS

Mirabella is one of the finest expressions of a lush lifestyle. Mirabella's architectural design is inspired by the grand Roman/Neo Classical Architecture. The project exudes the grandeur and larger than life image of the Romans while meeting the requirements of the modern citizens. So captivating is the environment here that it is sure to charm even the most discerning customer. These spacious 3 and 4 BHK apartments have a magnificent architecture, unspoilt serenity, luxurious modern amenities matched with ceaseless green expanse. Mirabella is a celebration of life where you will be swayed into a world of enchanting experience.

MAHAGUN MIRABELLA

3,4 BHK APARTMENTS, SECTOR 79 NOIDA

essence

The image(s) displayed is only an artistic impression and not the actual photograph. Elevation, colour schemes and/or exterior appearances are subject to change and can be altered at the sole discretion of the company. 1sq.mtr.=10.764sq. ft.; 1acre = 4047sq.mtrs (approx).

• Neo Classical Architecture, Designed By Internationally Renowned Architect Hafeez Contractor • Landscape Designed By Internationally Renowned Architect Saidah Taib • Certified Green Building Conforming To 'gold' Standard • Zero Surface Parking Except For Visitors • Full Disclosure Of Built-up Area • Panoramic View From Master Bedrooms In Most Of The Apartments In All Towers • Single Optical Fibre For Integrated Tv, Telecom And Networking Services • State-of-the-art Club With All Modern Amenities

Our Projects in Noida

Mahagun Manor NOIDA · Mahagun MORPHEUS · Mahagun MAESTRO NOIDA · MAHAGUN Maple · MAHAGUN Moderne · Marvella NOIDA · Mahagun mezzaria

Corp. Office: 44, 4th Floor, Tower 'B', 'The Corenthum', Sector-62, Noida-201301, (U.P.)
Booking Office- Plot No.: GH-02, Sector-78, Noida-201301 • Email: mirabella@mahagunindia.com

Member of CREDAI

For details: 9999901888 (30 Lines) • sms Mahagun to 56677

Map Sanctions: Dated 24-6-13, vide Letter No.noida/CTP/2013/IV-1401/671, Lease deed Date: Dated 20-10-13, Bahi No.1 Jild No. 3550, Page no. 69 to 122, Sl. No. 5072 Sub Registrar, III, Gautam Budh Nagar

professionals. A 2012 report *Top of the Pyramid*, by Kotak Wealth and ratings firm Crisil, shows that 30.2 per cent of luxury cars are owned by people who inherited wealth, 31.9 per cent by self-made businessmen and 34.5 per cent by professionals.

The buyers are also a lot younger. Pawan Shetty, the country head of Lamborghini, says most of his buyers are between 25 and 40 years old, an age group which perhaps likes the sporty look more. Sales of ultra-luxury sports cars like the Lamborghini and Ferrari are growing faster than those of other brands. As many as 90 Lamborghinis have been sold in India till date, a third of which were sold in the past two years.

Arjun Bafta, 29, also swears by the Lamborghini. "Everything about the Lamborghini is natural. There is nothing artificial about the power and its prowess," he says. This Mumbai-based owner of a Harley-Davidson dealership also has a Porsche and a Rolls-Royce in his garage, but says the Lamborghini defines him the best and suits his fun-loving side. It also has a story to tell. Bafta won't tell you that. "It's personal, but I can tell you that it's related to my child being born," he says, with a wink.

Lamborghini is placing a special focus on India because of the increasing number of buyers. The company has released six limited-edition cars in the country, two each in orange, green and white colour symbolising the national flag. Shetty expects a growing number of buyers to come from cities other than the metros. He says he was surprised to see a Lamborghini in Kochi.

Owner's Pride: *Satya Prakash Bagla, the lone seller of Bentley and Bugatti in India, at his showroom in Delhi*

VIVAN MEHRA/www.indiatodayimages.com

Lamborghini is also carrying out promotional activity in Ahmedabad, Surat, Pune and Chandigarh.

Like the Bentley, most luxury cars can be customised. "The Lamborghinis are extensions of who you are," says Shetty. "The stitches, the colour, the leather, the kind of steering, the engine – for everything, there are options. You design the car and we make it for you."

Hal Serudin, spokesperson for Rolls-Royce Motor Cars, says every owner of the marque brand is different and no two cars are the same. "For its owners, the Rolls-

Vodafone
Business
Services

Turn your employees' phone extensions into direct lines with Vodafone's Office Wireline Voice service

To know more, visit www.vodafone.in/wireline or call 1800-212-5555

power to you

A single Vodafone E1-DID link can carry 30 simultaneous voice calls. So make the most of your wireline infrastructure and save on connectivity spends while enabling your customers to connect directly with your employees.

When you choose us, you get:

• Direct line and number for every employee • Scalable wireline solution that works on your existing infrastructure • Wide range of premium/vanity numbers • Single consolidated billing statement • Common board number for multiple branches • Dedicated Account Manager for every business • Managed Services Desk for proactive troubleshooting • ISO 27001 certified 24x7 NOC • Robust Next Generation Network • Over 120,000 kms of fibre-optic network

Scan to explore

To download the QR code reader, visit http://www.f2k.mobi/app

Office Wireline Voice | MPLS VPN | Internet Leased Lines | Leased Circuits (Domestic and International) | Audio Conferencing | Toll Free Services

A work of art: *The Rolls-Royce Phantom. It takes nearly 500 hours and 60 artisans to handcraft each Phantom*

Royce is a precious drop in a sea of cars," he says. Serudin cites two anecdotes. In one case, a buyer wanted the car driven 2,000 km to his home by Rolls-Royce's most trusted driver, for the engine to run-in and condition the car. Another buyer wanted wood from his own orchard to be used for the interiors of the car.

But while growth in sales of these premium vehicles in the past decade has been robust, the market appears to be hitting a few bumps now. Mercedes-Benz has discontinued its Maybach model in India, which cost about ₹5 crore, due to tepid sales. Since all super-luxury cars are imported, a rise in import duties and a fall in the rupee's value against the US dollar have made the vehicles costlier. The government raised import duties on luxury vehicles to 100 per cent from 75 per cent in this year's Budget. "Had the prices not gone up, we would have sold twice the number of Ferraris we will sell this year," says Chordia.

Some, however, believe that the blip in sales is temporary and the only way to go is up. Wilfried Aulbur, Managing Partner at Roland Berger Strategy Consultants, India, says demand for these vehicles will grow when the economy picks up again and infrastructure facilities improve.

Meanwhile, Varun Jain's wife is jealous. She feels her husband gives the cars more time than they deserve. She herself prefers the Bentley to the Lamborghini. The love story continues, but makers of luxury cars will have to find many more like Bafta and Jain to keep the momentum going in India.

Send your comments to editor.bt@intoday.com

LASER SHOT

Canon

Delighting You Always

Launching
Canon LaserShot LBP 6200D printer

MRP ₹12995* PER UNIT

AUTO DUPLEX PRINTING

25 PRINTS PER MINUTE

8000 PAGES DUTY CYCLE

ENERGY & TIME SAVER

LAUNCH SPECIAL

DOUBLE CARTRIDGE OFFER

BUY A LBP 6200D AND GET ONE EXTRA 326 CARTRIDGE OF M.R.P. ₹3995* FREE#

Presenting the Canon LBP 6200D for the first time in India. Buy one today and you will get a 326 Cartridge absolutely FREE#! Hurry, limited period offer.

Call: 39010101 / 1800-180-33-66 or visit www.canon.co.in for details

*Inclusive of all taxes.

FERRARI KI TAIYYARI

The process of handing over an ultra-exclusive Ferrari is as distinct as the car itself, says John Sarkar

The crescendo of angry V12 engines filled the crisp morning air, as this well-heeled New Delhi businessman – who does not want his identity revealed – and his newly-married wife drank their cappuccinos in the balcony of Maranello Palace, a hotel that stands right in front of a new Ferrari wind tunnel entrance in Maranello, Italy. The night at the hotel had not been particularly comfortable. Baby-soft goose down pillows didn't stand a chance against the high-pitched snarls of Ferraris criss-crossing the neighbourhood.

A little later, the couple walked to the gates of the Ferrari factory across the road. A man clad in jeans and a Ferrari windcheater greeted them and ushered them through the security checks. The gates opened to reveal the low slung profile of a brand new black Ferrari 458 Spider. The wife grabbed her husband's arm, let out a polite shriek and said: "There you go, honey, that's your wedding gift!"

The man stood still for a moment. A sports car aficionado, he had known this was on the cards – his father-in-law had planned everything in advance – but taking delivery of his dream supercar in Ferrari city was still special. He executed a *coup de grâce*. He scooped up his beaming wife and gave her a peck on the lips. The men around him smiled. Their job was done. Another dream had been delivered.

Body of art (R): *At the Ferrari panel shop in Maranello, Italy, a Ferrari craftsman examines the vehicle's all-aluminium chassis*

In contrast, closer to home, apart from a gleaming white 599 GTB Fiorano on display, Ferrari's small showroom at Janpath in New Delhi is a discreet affair. "Customers walk in here to customise their cars and place their orders," says

PERSONAL STAMP

How the Ferrari, in this case a 458 Italia, is customised

The customer is shown a range of colours and trims on the computer and starts by choosing the specific ones he wants. The colour of the model above, Azzurro California, has long been associated with Ferrari

Carbon fibre trims are optional, but they are a favourite with Indian clients. This car has carbon fibre on its front wing, rear bumper segment, engine side covers, and rear diffuser

The customer chooses the nature of the stitching on the seats, as well as whether to stitch the Ferrari logo on the headrests. The carbon fibre inner tunnel between the two seats is also at the customer's request

The dashboard sports an Alutex driver zone with a Rosso rev counter — again, customised for the buyer. All such additional accoutrements, naturally, have to be paid extra for

Ashish Chordia of Ferrari India, which imports the cars. "However, if they want to take delivery in Maranello, a factory collection can be arranged." Ferrari addicts in India do prefer to fly down to Maranello, he says. "They can drive around the legendary town for a while and then we arrange the logistics to ship the car to India for them," says Chordia.

For cars that come with a price tag between ₹2.93 crore and ₹4.46 crore (ex-showroom Delhi), the delivery process is an experience, a special occasion. "It usually takes a month for the car to be shipped to India. But if you want yours faster, you have to pay air freight, which usually ranges between ₹12 lakh and ₹15 lakh," says a Ferrari salesman, requesting anonymity.

Here's how it works. First, a client walks into the showroom at Janpath. According to the showroom's database, it's always a male along with a friend. He is well aware of the product and hardly ever wants a test drive. He, however, is keen to see the final effects of customisation. So, along with the sales staff, he sits at the simulator and builds his car. Customisation choices range from special body colours, such as Azzurro California (light blue), a historical Ferrari colour, to forged alloys. And befitting a brand of Ferrari's calibre, the options are not only exotic but endless. "If you want the fabric of your jeans to adorn the trims inside the car, we can do that too through the Ferrari Tailor-Made programme," says the salesman. The minimum cost of

★ CELEBRATE ★

Jack's Birthday

WITH A

Toast to Tennessee

ALL SEPTEMBER LONG

Jack Daniel's was born in September. No one knows the exact date, thanks to a courthouse fire. Naturally, we celebrate the whole month of September to be sure we don't miss it! It's Mr. Jack's 163rd Birthday but you could get the gift*

SEPTEMBER IS
MR. JACK'S
OLD No.7 BRAND
BIRTHDAY

Come celebrate Mr. Jack's Birthday and you could win a Harley-Davidson® and other exciting gifts at your favourite watering hole or at Duty Free shops at major airports.
Many Harley-Davidson® motorcycles to be won.*

Also, ask about your exclusive **Jack Daniel's Freedom Band** at a watering hole near you.

JACK DANIEL'S
Old No.7 BRAND
• CLUB •
ALUMNI OF AMERICAN UNIVERSITIES

*Conditions Apply

All trademarks used with permission of their owners. JACK DANIEL'S and OLD NO. 7 are registered trademarks. © 2010 Jack Daniel's.

customisation under this programme is $50,000 or ₹30 lakh.

"Clients will be invited to Maranello as part of the programme, where they will find a dedicated space that looks and feels like an haute couture studio with a huge array of materials, treatments and colours to choose from," says Chordia. One can, for instance, configure a 458 Italia model inspired by the Ferrari 312 T with which Austrian Niki Lauda won the 1975 Formula One World Championship. The interior of the car will feature seating with the special material used for F1 at the time, and aluminium in place of the mats, and some other details to recreate the original interior atmosphere.

If the client, however, is satisfied with the exhaustive options he finds on the simulator in New Delhi, he will be emailed a PDF of the invoice which will bear the final cost of the car along with the bespoke fittings, as well as a digital rendering of the vehicle. Executives at Ferrari India confirm that some demands for customisation are really 'exotic', but unlike other ultra-luxury carmakers which might give in to a client's craving for a pink car, Ferrari draws the line when it becomes absolutely necessary to preserve the core values of the company. "You will never see a pink Ferrari," officials say with deadpan expressions.

1. Fixing the look: *A Ferrari going through its 'aesthetic compliance check'*

2. On display: *A Ferrari California (L) and a 458 Italia at the Ferrari India showroom at Janpath, New Delhi*

"Once the client pays 20 per cent of the final price of the product as booking amount, the engineers at the Ferrari factory in Italy start building it," says the Ferrari salesman. "We usually take around three to seven months to deliver the car. And once it is ready, the client needs to pay 40 per cent of the total amount. On delivery he pays the rest."

At the factory in Maranello, with a client's configuration, every Ferrari car that rolls off the assembly line is unique. Ferrari engineers have four million different ways to build a car from scratch. These unique combinations along with the meticulous engineering process make the delivery of a Maranello-made exotic a prolonged affair. "The client receives information on his car at regular intervals as part of the waiting list management programme, including a scale model of the car with exactly the same options which the actual car will have," Chordia says. "Some of them even want to visit the plant in Italy to see their car being built."

It is ironic that some of the world's fastest cars take such an excruciatingly long time to hit the road. Every work of art, nonetheless, comes at a cost. And time seems to be the biggest of them.

The writer is Associate Editor, Men's Health India

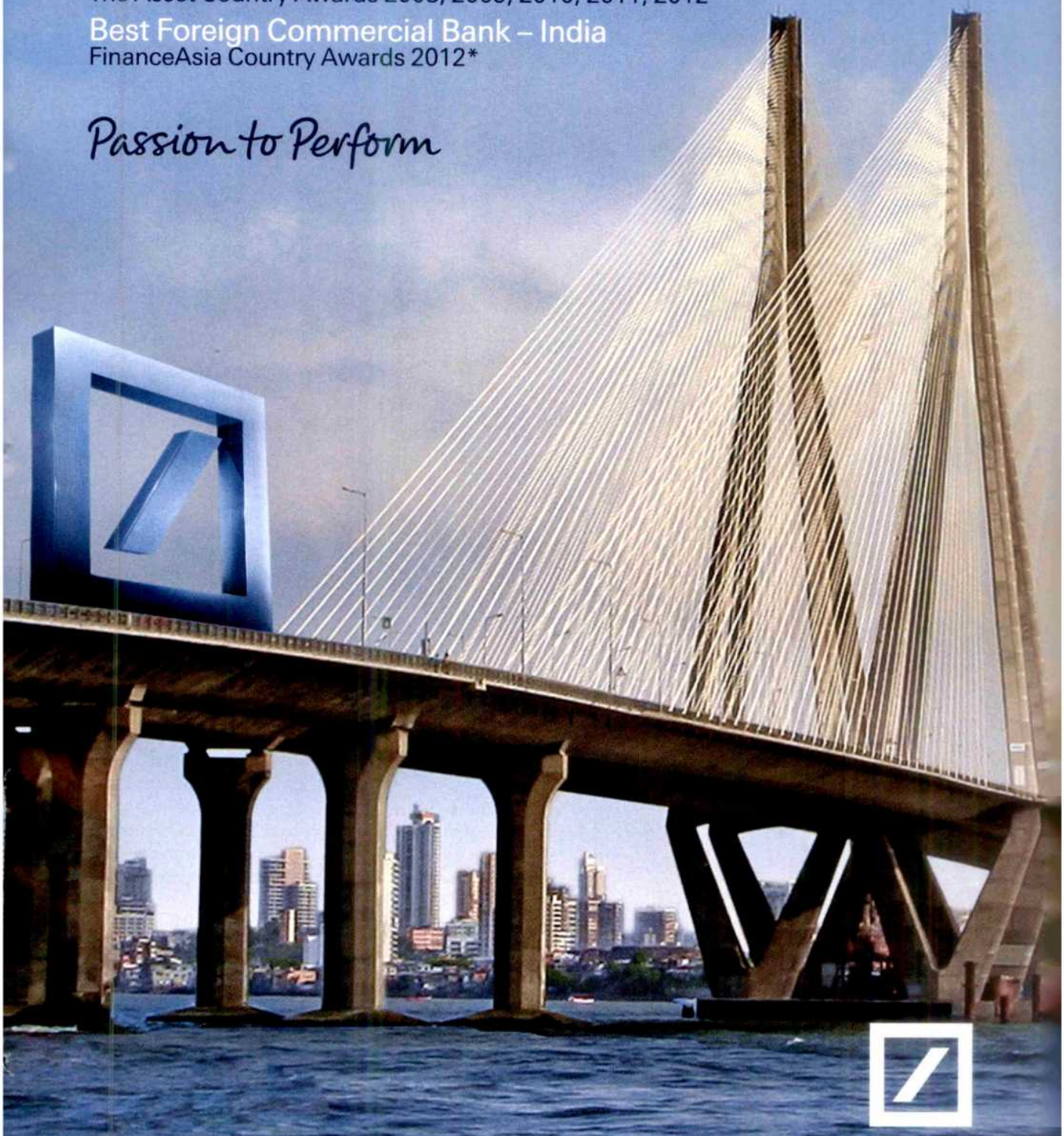
Deutsche Bank
db.com/india

Only a strong bank can be a good partner.

Best Bank – India
The Asset Country Awards 2008, 2009, 2010, 2011, 2012*

Best Foreign Commercial Bank – India
FinanceAsia Country Awards 2012*

Passion to Perform



arded through a formal pitch submission process carried out among financial institutions active in the Asian markets.
dvertisement has been approved and/or communicated by Deutsche Bank AG. The services described in this advertisement are provided by Deutsche Bank AG or by its subsidiaries and/or
ates in accordance with appropriate local legislation and regulation. © Copyright 2013 Deutsche Bank AG.

IT'S A CREWEL WORLD

Chennai-based Vastrakala turned a dying tradition into some of the most sought-after embroidery in the world. N. Madhavan finds out how this was achieved

Right: Artisans work on a valance for the Opera de Monte Carlo in Monaco
Above: The valance hangs above the balcony in the opera house

In a workshop in a spacious colonial-style bungalow in Alwarpet, Chennai, an artisan sits on the floor, embroidering a colourful dragon on soft black nappa leather mounted on a small wooden frame. Every now and then, his eyes dart to a sample he is referring to, as he stitches with *zari*, soft wire and glass beads. The design is the replica of a tattoo on the body of the customer who ordered it. It will take the craftsman more than 40 hours – five days – to finish his task, which demands unwavering concentration. The leather will then go to French luxury shoe and bag designer Christian Louboutin's factory in Italy, where it will be made into a pair of custom shoes with Louboutin's signature red-lacquered soles. The price tag: well over €4,000 (₹3.2 lakh).

The artisan, M. Magesh, a native of Sriperumbudur, Tamil Nadu, works for Vastrakala Exports Pvt Ltd, an embroidery unit that specialises in top-end home furnishing. Many of Magesh's 230-odd colleagues in the workshop are natives of Sriperumbudur, which has a strong heritage of embroidery. Almost all of them are third- or fourth-generation embroiderers.

Until a couple of decades ago, their inherited art

PHOTOGRAPHS COURTESY: VASTRAKALA

H. K. RAJASHEKAR

Above: Vastrakala founder Jean-Francois Lesage

Left: A replica of a European customer's tattoo on soft leather that will be turned into shoes at a Louboutin factory in Italy

seemed to be dying a slow death, because of lack of recognition and dwindling incomes. But today it competes with the world's top designers. A pair of finely embroidered Vastrakala curtains costs over €30,000 (₹24 lakh). The artisans recently embroidered for an entire house in France – curtains, blinds, bed covers, chairs, sofas – for ₹2 crore.

Vastrakala products are not available off the shelf. They are custom designed for demanding customers who are well-versed in luxury and do not think twice about spending on whatever brings out their individuality. Vastrakala's client roster is spangled with names of the rich and famous. Its works adorn buildings such as the 19th-century Opera de Monte Carlo in Monaco and the 17th-century Chateau Vaux le Vicomte near Paris, venue of steel magnate L.N. Mittal's daughter's wedding in 2004. Closer to home, they embellish the State Dining Room at Rashtrapati Bhavan in Delhi.

Vastrakala, which is Sanskrit for 'the art of textiles', was started in 1993 by Frenchman Jean-Francois Lesage, a third-generation embroiderer of the Paris-based House of Lesage, which was acquired by Chanel in 2002. His father, Francois Lesage, was a famous embroiderer, whose work was sought after by the top fashion houses. But Lesage junior wanted nothing to do with embroidery at the time. "No embroidery, no threads, no fabrics and no shining sequins were my mantra in my early years," says Lesage. He studied art history at the Ecole du Louvre in Paris, and became an auctioneer for the auction house Binoche et Giquello.

He first visited India in 1990 – and fell in love with it. He returned in 1991 and 1992, looking for possibilities to settle down and make a living here. That is when he met embroiderers in the country, and realised that the art was similar around the world in terms of tools, patterns, and stitches. Given his disinterest in fashion, he decided to foray into home furnishing. "I decided to

micromax
nothing like anything

13 MP Rear Camera
5 MP Front Camera
Image Editor
99 Burst Shots
Four Way Panorama
Image Stabilizer
Smile and Face Detection
Blow to Unlock
Shake to Unlock
Simultaneous Video View
Swipe to Control Brightness
Pop Up Browser
Swipe to Control Volume
Video Pinning
Pin Up Browser
Aluminium Casing
Scratch Resistant
4.2 Android Jellybean
Sharp Contrast
12.7 cm (5) HD IPS LCD Screen
Upside to Silent
Smart Gestures
Upside to Speaker
Curve TP Lens
Proximity Dial
1.2 GHz Quad Core Processor
Proximity Answer
16 GB Memory
32 GB Expandable Memory
M! Security
Music Hub
M! Zone
Spuul
5 MP Rear Camera
Hike Messenger
M! Live
Game Hub
Supports FOTA for Software Update

LIFE CAN BE ENDLESS Canvas 4

An endless life awaits at www.canvas-4.com

leverage my family's culture in embroidery and marry it with the Indian art of embroidery," he says. He started Vastrakala in Chennai with just six artisans.

The initial years were difficult. Convincing global consumers to buy made-in-India luxury was a challenge. But even before the consumers, he had to battle the demons within his own workforce. "Though the artisans knew their craft well, they were of the view that their knowledge was old and redundant," he says. "They did not realise that what a human hand can produce has a great value. This had to be drilled into their heads." Then he had to invest in training, where the focus was on quality, discipline and the use of the right tools.

"At home, what we did was basic embroidery, and quality was not really a focus area," says artisan Magesh, who has worked with Vastrakala for 10 years. "The finish was not great, either. Here, we were trained to focus on quality and finish. A straight line has to be straight, no matter what." He adds that they also learned various stitching techniques and the use of newer materials.

Lesage says: "We designed the quality processes ourselves, even before the certifications came about, and in all this the artisans were put at the centre of the project. Everything we did revolved around them."

His passion has transcended even the language barrier. He says: "I have developed a private language, which is a mix of Tamil, English and an unknown language evolved in the last 20 years. I speak it, and they understand and deliver what I need." He adds with a smile: "My Tamil is good enough not to be exploited by auto drivers in Chennai."

Once the unit began to produce world-class embroidery, Lesage started leveraging his family's goodwill to market the products in France and elsewhere. He pitched Indian embroidery as being of high quality and not cheap. It took 10 long years before Vastrakala got an order as prestigious as the one from the Opera de Monte Carlo, for which it made the valance for the stage, and drapes for the Prince's Balcony and the principal balcony. The project took 19,000 hours of work, but after this, there was no looking back.

Today, Vastrakala is one of the top names – possibly *the* top – in the world for luxury embroidered home furnishing. "People who know embroidery know us," says Lesage. Vastrakala's filings with the registrar of compa-

Below: Artisans work on one of eight window panels for a private New York City home designed by French decorator Jean-Louis Denoit. The panels took some 7,200 hours to complete

nies show its income as ₹7.94 crore and net profit was ₹1.34 crore in 2010/11. Its challenge today is to meet demand. Lesage says: "We need more artisans, but can't find them. India has the largest variety of crafts in the world, but artisans are seldom celebrated." He says that in Japan, artisans are called Living National Treasures, and adds that 25 years from now, artisans in India will be valued more highly than bankers and software professionals. Today, Vastrakala artisans earn ₹15,000 to ₹30,000 a month depending on skill.

To ensure that it can augment its workforce, Vastrakala is moving its operations closer to Sriperumbudur – now a largely industrial region – where the artisans live.

Almost 90 per cent of Vastrakala's work is exported. As India's economy grows, the demand for luxury products will increase at home. "Embroidery has always been a luxury," says Lesage. "The art of ornamenting your clothes to stand apart is as old as cave man. This need for individuality grows as people become richer."

So did he ever learn embroidery? "Not me," he says. "Neither did my father, nor my grandfather. An architect need not know how to build the house. Not knowing embroidery widens my horizon and I push the artisans to expand theirs as well."

Send your comments to editor.bt@intoday.com

It took Vastrakala artisans a total of 1,600 hours to refurbish the throne of French emperor Napoleon, which is now part of a private collection.

Below: The refurbished throne

LATE CHECK-OUT
ON SUNDAY GETS YOU
TO AN EARLY
START ON MONDAY

MAKE MONDAY BETTER
BOOK A WESTIN WEEKEND

Book a Westin Weekend at
weekend.westinwellbeing.com

For a better you.™

WESTIN®
HOTELS & RESORTS

CHENNAI • GURGAON • HYDERABAD
MUMBAI • PUNE • SOHNA-GURGAON

spg. Starwood Preferred Guest

© 2013 Starwood Hotels & Resorts Worldwide, Inc. All Rights Reserved.

CHILDREN OF A GREATER GOD

The progeny of the rich, the next generation of luxury consumers, will help India mature into a discerning market for high-end products, says Ajita Shashidhar

Shaan Singh, 17, was born into great wealth, with a veritable branded silver spoon in his mouth. His sixth birthday was marked by a theme party in a nightclub, and his most prized possession is a Rolex watch, a gift from his father. For his 18th birthday, he wants a Mini Cooper. You would think: dad will cough up the dough, what's his worry? But Shaan wants to buy his first car with his own hard-earned money. And he is saving for the day. "I am just a few lakh short now, which I am sure I will be able to earn over the next year," he says. Shaan is a disc jockey and has been part of over a dozen music festivals.

It is a grounded, practical and most unexpected attitude from a wealthy

RACHIT GOSWAMI

More of a good thing: *Young women outside a Fendi outlet in Delhi*

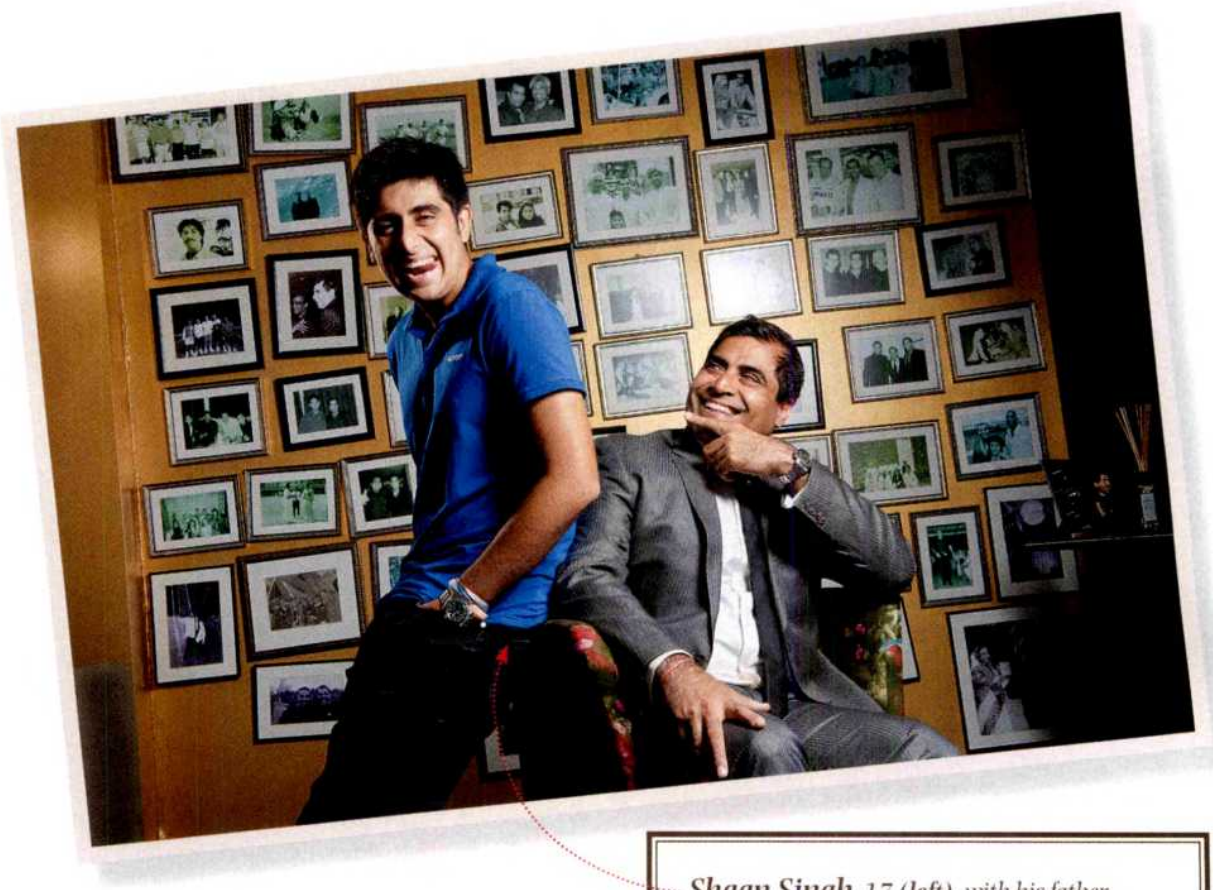
man's teenage son. Shaan's father, Shailendra Singh, 48, Joint Managing Director of the ₹3,000-crore media house, Percept Holdings, owns a Range Rover, a Lexus and a Mercedes limousine, among many other luxuries. But, Shaan believes that the older generation in India is pretentious – consuming a luxury brand is mostly a tasteless display of wealth for it.

Ruchita Lalmalani, *23*
Profession: ***Student***
Favourite luxury product she owns:
An Alexander McQueen clutch bag
Luxury product she dreams of owning:
A Vintage Chanel clutch bag
What luxury mean to her:
"A collector's item which I can treasure lifelong"

Certainly, it would be unfair to paint the entire older generation with the same brush. However, even sociologists such as Piyul Mukherjee, Co-founder of Quipper Research, believe the younger generation is less pretentious about luxury consumption. According to Ritesh Kumar, Director of DS Group, which markets luxury brand Tom Ford in India, people like Shaan are consumers for whom a luxury brand or an exotic vacation has become a way of life. "They understand the values of the brand well and are far more systematic when it comes to consuming a luxury brand," he says.

For the slightly older Nishka Lulla, 27, daughter of designer Neeta Lulla, luxury is exotic and comes at a cost. Therefore, she needs to work hard to get it. "I buy a luxury product once or sometimes twice a year just to pamper myself. I don't go overboard splurging every second day," she says, dressed in her favourite black BCBGMAXAZRIA evening gown and a diamond and blue amethyst vintage necklace her mother bought her from Paris recently.

This is the new luxury consumer – young people



NISHIKANT GAMRE

***Shaan Singh**, 17 (left), with his father Shailendra Singh*
Profession: ***Student and professional DJ***
Favourite luxury product he owns:
A Rolex watch gifted to him by his father
Luxury product he dreams of owning: A ***Mini Cooper***
What luxury means to him:
"Something that is exotic and adds immense value to my life, something which enhances my personality"

born of the increasing number of rich in India. Having been exposed to brands from birth, they have developed a discerning taste for them.

Then, there are those who are making a mark professionally. Aakansha Kapoor, 23, a Delhi-based PR professional and an avid luxury shopper for five years, has a Louis Vuitton bag to show as her most expensive possession. "These bags not only look elegant, they also last forever," she says. Kapoor makes sure she buys only classic shades and styles, which don't run out of fashion too soon. "I can't buy a dress worth thousands and abandon it in a year's time because it has gone out of fashion."

Budding dental surgeon Ruchita Lalmalani appears a quintessential middle class Mumbai girl. The 22-year-old lives in a mid-market locality in the city's eastern suburbs, on the third floor of a decades-old apartment block that doesn't have an elevator. She travels to college in a local BEST bus invariably clad in jeans and kurti. But when you open her wardrobe, you realise Lalmalani is the proud owner of at least 20 luxury brand products. She regards her Alexander McQueen clutch bag or her fluorescent blue Chanel shoes as pieces of art she should preserve for posterity. "My luxury possessions give me immense pleasure. On days when I am low, I make myself happy by just staring at them," she says. (See *The Urge and The Need*, pg 164.)

Most of these young Indian luxury consumers prefer shopping in India rather than overseas. Aditya Birla Group's The Collectives, a multi-brand luxury store, DLF Emporio in Delhi, UB City Mall in Bangalore and The Palladium in Mumbai are hot favourites. Franck Dardenne, GM for the Indian Sub-Continent at LVMH

KHUSHIYON KA BIMA

The joy of knowing pleasures will last.

Health is happiness. Not just for you, but for everyone around. So, with our Health Insurance 'Medishield' and 'Swasthya Kavach' policy, we make sure happiness forms a chain.

Advantages:

Section 80D Tax benefit | Option of Individual and Family Floater policies | Guaranteed renewability | Critical illness coverage for expensive treatments | Emergency assistance with no extra charges | 3500 + hospitals with cashless facility

Our Other Products: Auto Protector | Home & Family Protector | Travel Protector | Industry Protector | Office Protector | Trade Protector

Toll Free: 1800 103 5499 | Call us: 0124 4285499 | SMS 'CLAIM' to 56161 | www.iffcotokio.co.in

Follow us on: facebook.com/iffcotokio YouTube youtube.com/iffcotokio

IFFCO-TOKIO General Insurance Company Limited

RACHIT GOSWAMI

Nishka Lulla, 27

Profession: ***Fashion Designer***

Favourite luxury product she owns: ***A stone-studded vintage earrings, inspired by the jewellery of the royal family of Hyderabad***

Luxury product she dreams of owning: ***Mini Cooper***

What luxury means to her: ***"Something exotic which I can buy to pamper myself once, or at the most twice, a year"***

Watch and Jewellery, says that thanks to the emergence of luxury malls in India and more and more luxury brands coming in, such consumers have started interacting more with luxury brands and developed an appetite to consume them.

The internet and social media are also playing their part, getting people better acquainted with the lifestyles of the rich and famous worldwide. "They know exactly what a Paris Hilton or John Clooney wore at a party last night and are desperate to get it. This has kept luxury marketers on their toes in India," says Vikram Raizada, Executive Director and CEO of Tara Jewels. A diamond jewellery brand, Tara has positioned itself as an affordable luxury brand.

Luxury brand marketers say they aren't making any specific attempts to target young consumers. "They want to be treated seriously, and want to access a certain universe and status. At the end of the day, the young do not want to be treated as a separate category," says Dardenne of LVMH Watch and Jewellery. Luxury brands are also ensuring that all internationally launched products are made available in India almost immediately.

But they may have to do better than that. Worldwide, luxury brands are upping the ante in their attempt to catch consumers even younger. Brands such as Dior, Burberry, Armani, Gucci and others sell kids' products too, more to build recall among consumers than to make money. And luxury hotels in Europe now offer tailored rooms and other facilities for children.

There are no estimates on the size of this potential luxury market in India, but some estimates can be made. Kidswear (for children up to 14) comprised almost 20 per cent – about ₹37,000 crore – of the Indian apparel market in 2011, according to research firm Technopak. Around 10 per cent of this is organised, comprising brands such as Gini & Jony, Catmoss, Lilliput, United Colors of Benetton (UCB) kids, Allen Solly kids, Mothercare, etc. This market is projected to grow at a steady 10 to 11 per cent compound annual growth rate over the next decade.

Surely, luxury brands will want to enter this segment? Not to mention other product categories such as footwear, gadgets, accessories, etc. Last September, Giorgio Armani launched a kids' store, Armani Junior, at DLF Emporio mall, Delhi, for kids up to 16 years. If nothing else, the store will help build a band of followers for Armani.

But much more such activity is necessary. Children like Shaan Singh and his tribe have huge unlocked potential for luxury marketers. A tribe that promises to help change the way India consumes luxury.

Send your comments to editor.bt@intoday.co

INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD

TWO-YEAR POST-GRADUATE PROGRAMME IN AGRI-BUSINESS MANAGEMENT

Ranked Number One Globally in Agribusiness and Food Industry Management Programmes

The Two-Year Post-Graduate Programme in Agribusiness Management (PGP-ABM) is designed to prepare students for careers in management related to food and agribusiness and allied sectors in an international environment. The programme has been ranked Number One in Agribusiness and Food Industry Management programmes in the World by Eduniversal, Paris, France. What makes this sector-specific programme special compared to many other agribusiness programmes is that the programme curriculum has a leading-edge managerial foundation firmly rooted in IIMA's "management" culture and proficiency with a focus on food and agribusiness. To enhance learning from multiple perspectives and inculcate a high sense of competitiveness amongst the programme participants, first year of the programme is common with PGP. Building on this foundation in general management, 2nd year courses equip students with specialized multifunctional knowledge and skills required by agri-business managers for excellence in planning, decision-making and implementation.

PROGRAMME OBJECTIVES

Increasing globalization and challenges of working in a highly market oriented environment require agri-food industry to be dynamic to respond to changing policies and market trends as well as manage those changes. The programme prepares students for the arduous task of leading change in agri-food industry and managing the process of those changes. Essentially the programme trains students to leverage and lead the immense potential agri-business offers. The programme has been designed to ensure that it meets the highest international standards, and is of high quality and direct relevance to the real world.

COURSES AND PEDAGOGY

The programme curriculum has a solid managerial foundation, focus on food and agribusiness marketplace, and is designed to build and enhance a global perspective among participants. The course comprises three components: the core management courses, compulsory food and agribusiness related courses and elective courses. The core programme consists of compulsory management courses in the first year and is common with the PGP. Following the first year of the programme, students undergo Rural Immersion for a period of about four weeks in two phases and summer internship for a period of about eight weeks, which provide students field and organizational experience. The second year of the programme consists of compulsory and elective courses and is designed to impart specialized multi-functional knowledge and skills required by food and agri-business sector managers for excellence in planning, decision-making, organization and implementation in different sub-sectors and activities in agriculture, food, agribusiness, rural and allied sectors.

INDUSTRY INTERFACE

The PGP-ABM brings business leaders and policy planners from different fields of agri-business into the classroom and facilitates continuous interaction among students, companies, NGOs, faculty and alumni. These knowledge-building sessions are opportunities for industry experts, alumni and recruiters to engage students in focused discussions that reflect real life situations, simulations of future scenarios and specific career tracks. Distinguished guests include CEOs, senior executives, development professionals, policy makers and leaders from various governmental and non-governmental organisations and private sector.

PLACEMENT PROSPECTS

The career prospects of professional managers from IIMA's PGP-ABM are extremely bright and attractive. The placements reflect the increasing recognition and perceived relevance of the programme by the industry and include newer areas like commodity trading, agri-insurance, rural infrastructure and retail. Many alumni head top corporates and contribute at key positions in several agri-business conglomerates and developmental organizations in India and abroad. The programme attracts agri-service providers such as those dealing with EXIM business, rural banking, insurance, logistics, rural infrastructure and those working in retail, manufacturing, R&D and energy. Prominent recruiters include Bayer Crop Sciences, Monsanto, DuPont, Syngenta, Escorts, Kraft Foods, Mahindra and Mahindra Ltd., Godrej Agrovet, Rallies India, TAFE, Britannia, Rabo Bank, Olam International, IFTRA, PwC, IFMR Trust, John Deree, RPG Group, Technopak, Amul, Marico Industries, Yes Bank, Excel Crop Care, HDFC Bank, Axis Bank, New Holland Agriculture, EID Parry, etc.

ADMISSIONS

Graduates in any discipline with an interest in agriculture or allied sectors are eligible to apply. Selection for PGP-ABM is done through a two-stage process. First, candidates have to appear for the Common Admission Test (CAT) that is held in October-November. The applicants are then short-listed and called for group discussion and personal interview. The applicant's past academic record/achievements, understanding of agriculture and allied sectors, work experience and other relevant activities are also taken into consideration. The timeline for the admission process is as follows:

CAT Advertisement	**: July 28, 2013**
CAT (Examination)	**: October-November, 2013**
Group Discussion & Personal Interviews	**: February-March, 2014**
Session Starts	**: June, 2014**

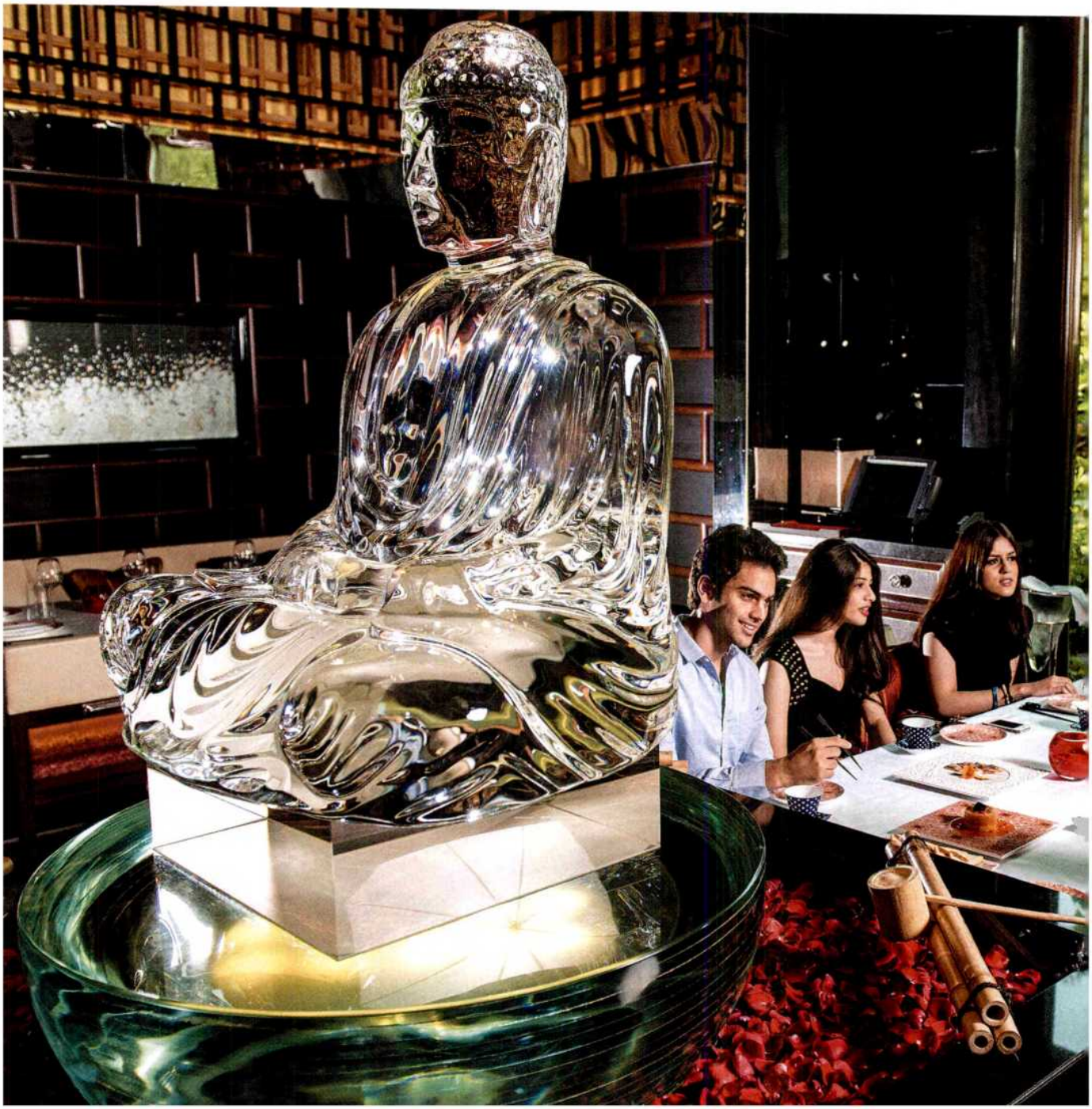
Exact details of eligibility and CAT are given in CAT 2013 Website as well as on IIMA website (www.cat2013.iimidr.ac.in or www.iimahd.ernet.in/pgpabm). IIMA offers enough Need Based Scholarship/assistance for economically disadvantaged students. Bank loans on easy terms are also available under policies promoted by the government.

For further information:
Programmes Officer (PGP-ABM)
Indian Institute of Management
Vastrapur, Ahmedabad – 380015.

Phone: (079) 66324689/66324688
Fax: (079) 6632 6896
Email: pgpabm@iimahd.ernet.in
Website: http://www.iimahd.ernet.in/pgpabm

ROMANCING

Expensive, exotic restaurant fare finds a growing number of takers



For interviews with Vineet Bhatia, Gautam Anand and others, go to
businesstoday.in/luxury-cuisine

THE PALATE

says Goutam Das

Great taste: Diners at MEGU, a restaurant at The Leela Palace New Delhi, which serves exotic Japanese cuisine

The best was reserved for the last. The 60 members of Chaîne des Rôtisseurs, an international gastronomic association, had lip-smacked on Maine lobster with Sevruga caviar, seared black cod, Wagyu tenderloin and cleaned up bottles of vintage wine. Finally, it was time for dessert.

Just then, the majestic chandeliers in the banquet hall of The Leela Palace Bangalore, where the feast was held last October, went dark. As the startled guests wondered if the power supply had failed, the closed doors of the hall slowly opened. Music filled the air and spotlights came on in the next room – to reveal rows and rows of chocolates, pastries, cakes, cheese and nuts, honey, single malts and cognac.

"It was dramatic. It was a complete sensory experience," says Aslam Gafoor, a member of this elite club and General Manager of Marketing at Weber-Stephen Barbecue Products India. "A very high bar was set for such dinners that day," he adds.

Top hoteliers now often talk of "staging an experience" and "shaping the atmosphere" at their establishments. These are becoming crucial elements in their bid to wow the Indian gastrocrat, who has been growing more and more sophisticated. Indians are travelling more than ever before and have access to the best of dishes globally. Their expectations of Indian restaurants have risen too.

"There are international brands in India – there are luxury cars, luxury jets, there is luxury banking. The rich also want to dine in places that serve luxury food," says Vineet Bhatia, the first Michelin-starred chef from India. Michelin Stars – for restaurant quality – are awarded by French tyre-manufacturer Michelin. The award is, perhaps, the most well-known benchmark for excellence in the culinary world.

Restaurants are therefore stocking up everything exotic from caviar to rare mushrooms, besides expensive wines. Dharmen Makawana, Executive Chef at The Leela Palace Chennai, says the hotel's restaurants have all the products that can be considered luxury. Recently, two diners at one of the hotel's restaurants finished two pots of caviar between them – each 30

PHOTO: VIVAN MEHRA; MODEL: BOBBY(L), KARMA MODEL MANAGEMENT

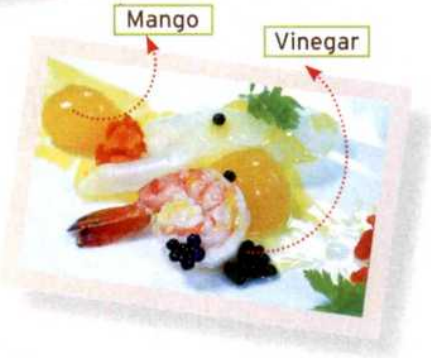
BOLD AND BEAUTIFUL

A sampling of luxury dishes from Indian restaurant kitchens

Assorted Spherification: Served as starters at Caperberry restaurant, Bangalore. It uses molecular gastronomy techniques to create spheres out of liquids to provide an explosion of different flavours. Three such are shown alongside

Ossobuco: From the kitchens of Alto Vino restaurant at The Marriott, Bangalore, it is a cut of veal or lamb bone (with marrow inside) braised for eight hours, along with white wine, shallots, fresh herbs and risotto. The risotto is cooked with saffron, which explains the high price

Fusion Mango Ravioli: Served on special occasions at The Leela Palace Chennai, it uses molecular gastronomy techniques to deceive the eye. The mango balls look like egg yolk. Balls of balsamic vinegar look like caviar



Gucchi Var: Available on request at ITC Grand Chola's Royal Vega restaurant, Chennai. Morels from Kashmir are slow cooked and mixed with rice and a minimum of spices to create the dish

gm pot costs around ₹15,000.

High-end restaurants traditionally targeted businessmen. Now, there is a new breed of luxury consumer – the professional with high discretionary spending ability. "They are the game changers for luxury restaurants. They are more frequent visitors. Not all can cook at home because both husband and wife work," says Gautam Anand, Vice President of Pre-Opening Services at ITC Hotels.

Luxury dining has existed in India at least since the Mauryan dynasty. Anand, a keen historian, cites one of Emperor Ashoka's edicts, passed after he attained *dhamma* and became a practising Buddhist. The edict bans animal slaughter. Previously, his kitchen used to be full of birds and animals to be curried, peacock and deer in particular.

"The first golden age was the period of Ashoka. The second was the Mughal period, when the world recognised there was explicit luxury in this nation," says Anand. However, India had no written culinary tradition and many recipes must have been lost as they were orally transmitted from master chefs to their sons. Also, recipes from the royal kitchens did not reach common folk. "The class and caste system became important," he adds.

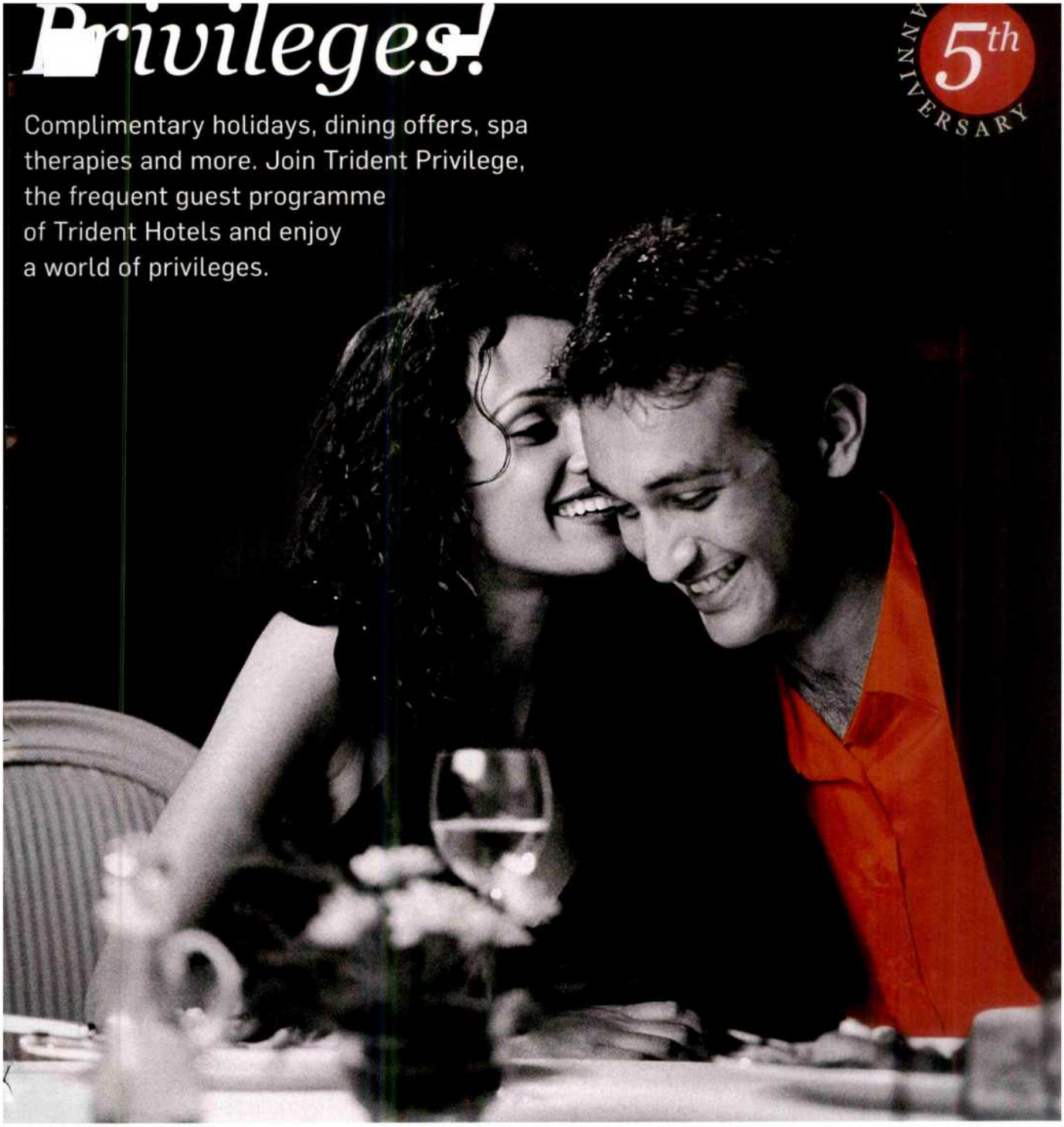
Caste Aside

While ITC Hotels has been attempting to reconstruct some of these historical recipes, which it calls *farmaishi* (custom-made) cuisine, luxury food has become more accessible now that foodies in cities are hardly bothered about the caste of the chef preparing it.

"In traditional Hindu India, food was believed to have important moral and spiritual properties, and its preparation was deeply intertwined with the practice of the caste system," says Paul Rozin, a psychologist at the University of Pennsylvania, who studies human food choices. "That system discouraged restaurant eating because while doing so, Indians would have to worry about the caste of the chef who prepared it. But I would think those unencumbered by the caste system would have been very open to new types of foods and eating experiences. India has one of the world's great cuisines, which provides a solid base for exploring new things."

That exploration has begun. And "staging an experience" goes

The luxury chocolate market, too, has taken off in India. Besides large players such as Cadbury, with its premium range that includes Bournville and Toblerone, there is the indigenous Bliss Chocolates, which makes luxury products at its Bangalore factory (see picture on the left). Recently, Burgundy Hospitality introduced the premium Japanese chocolate brand Royce in Mumbai.



MAKE 5
YOUR LUCKY NUMBER

Stay for 5 nights
GET 1 NIGHT COMPLIMENTARY
or a 60 minute spa therapy

Stay for 5 nights at our hotels in Mumbai, Gurgaon, Chennai and Bhubaneswar before 30th September, 2013 and receive:

One complimentary night at any Trident hotel in Agra, Jaipur, Udaipur and Cochin.

or

A **60 minute spa therapy** at Trident hotels in Mumbai, Gurgaon and Chennai on your next stay.

+Earn Trident Privilege points during your stays.

To know more or to join Trident Privilege, please visit **tridentprivilege.com**

TRIDENT
Privilege

BENCHMARKS OF TASTE Some of the exotic ingredients of high-end dishes

Otoro: The fattiest part of the Bluefin tuna's belly. Imported from Japan. This tuna costs between ₹15,000 and ₹18,000 a kg

Caviar: Roe of the sturgeon fish family. A 30 gm pot can cost ₹15,000

Truffles: Rare mushroom from Europe. White truffl cost around ₹1.2 lakh a k Preserved black truffles cost between ₹33,000 an ₹40,000 a kg

beyond the dish and its price. It starts with the supply chain. Chefs want to know where their raw material is coming from and keep an eagle eye on quality. They trust only a few suppliers.

One such is Mohammed Ansar, 28, a fourth-generation meat merchant who supplies to four major hotel chains across the country. His forefathers delivered meat to the kitchens of Jaipur's Maharaja Sawai Man Singh II. He sources lamb from Rajasthan – the state arguably produces the best meat in the country. He ensures the lambs are of a particular age and weight – each carcass never weighs more than eight kg and the legs not more than one to 1.3 kg. That's the sort of meat which tastes best.

While quality of produce in a dish matters, the decor of the restaurant does too. At Ziya, the Indian restaurant at The Oberoi, Mumbai, the *jaalis* (screens) installed are all gold. "The display kitchen has gold tiles. The cutlery is gold polished. For an Indian, gold is the most important benchmark of quality," says Vineet Bhatia, who consults at the restaurant. Of course, the way the customer is served is equally crucial. "Staff members are required to wash their mouths before they go up and speak to customers. The guest never sees this. Luxury is attention to detail," he adds.

Matthew Cooper is the spiky-haired, fast-talking general manager of The Marriott in Bangalore. He too has an eye for detail. In his luxurious Italian restaurant, Alto Vino, waiters wear black ties, white shirts and white aprons. "I have hired sexy chefs," he says with a smile. "The waiters are good looking, they have gorgeous bodies. You have to know how to shine. We style everything, from the words

NILOTPAL BARUAH

"Our tasting menu is an experience of luxury" ***Abhijit Saha,*** *chef, Caperberry restaurant, Bangalore*

Imported Wagyu beef: Has more 'marbling', or intramuscular fat, which adds to the flavour. Can cost between ₹10,000 and ₹12,000 a kg

Morel mushrooms: Grown in Kashmir. Can cost up to ₹26,000 a kg

Artisan cheese: Mostly imported from Europe, it costs around ₹5,000 per kg

they use to how they hold their hands." And indeed, the executive chef of the hotel, Raheel Ahmad, does look athletic with broad shoulders. He speaks softly, with an occasional artistic gesture of hands.

A charming chef can sell far-out innovation. Celebrity chef Manish Mehrotra had Tandoori *Foie Gras* on the menu of Indian Accent, an upmarket Delhi restaurant. *Foie Gras* is a French delicacy made from fattened goose liver – a Parisian might squirm at such fusion. But then, all dishes at Indian Accent come with a twist and it has consistently bagged top awards.

At Bangalore's independent restaurant Caperberry, entrepreneur-chef Abhijit Saha has long used molecular gastronomy techniques – the application of scientific principles to cooking – to bring about what he calls the "intellectual value" of food. "Our tasting menu is an experience of luxury," he says. Customers, for instance, can start with Nori-wrapped Norwegian Smoked Salmon that is served with salmon roe before proceeding to Cauliflower Espuma, a dish served with black olive powder and truffle oil, while a slow cooked Lamb Roulade has sweet maple wood smoke infused into it right before the customer.

More and more Indians are being seduced by *avant-garde* dishes. Pune-based Shantanu Ghosh describes himself as a traveller, foodie and gearhead – he is the Vice President and Managing Director of India product operations at Symantec, an Internet security software company. He makes 15 international trips a year and benchmarks Indian restaurants with the world's best. He is a difficult man to please but was particularly impressed by Bhatia's contemporary twist to Indian food at Ziya – Grilled Lobster with Broccoli Khichdi that comes sprinkled with sour cocoa powder, Wild Mushroom Khichdi with Makhni Ice Cream and Chicken Tikka that was served with Saffron Upma and covered in a gold foil.

Bhatia says footfall at Ziya has increased over the past four years. Edo, the Japanese restaurant at ITC Gardenia in Bangalore, one of the city's most luxurious restaurants, begun in 2010, is already earning profits.

But luxury chains still face challenges. Fine dining is a tiny market in India, and much needs to be done to broaden its appeal. A report by The National Restaurant Association of India released this year says fine dining today forms just four per cent of the ₹12,785-crore chain restaurant market. The vast majority of Indians, no matter how wealthy, still remains wary of spending on luxury food, says Caperberry's Saha. "We like to spend on gold, durables, investments, rather than instant gratification – you cannot show off the food you've eaten to others," he adds.

But change is in the air. In 2007, for instance, Deepak Ohri, CEO of Lebua Hotels and Resorts, an international luxury hospitality company, conjured up the "one million ($30,000) Thai Baht meal" at his Bangkok hotel. He flew in Michelin-starred chefs to cook exotic fare for 15 of the world's super-rich. There were no Indians among those who patronised this indulgence. "Today, there will be Indians who can spend that money," he says on the phone from Bangkok.

Indeed, about a year ago, he was planning another outrageous move – setting up the world's most expensive restaurant in, of all places, Delhi. A meal for one here would have cost $400. It did not materialise, but Ohri is not giving up.

Send your comments to editor.bt@intoday.com

QUALITY TIME

Dazzler: Originally launched in 1955, the OMEGA Ladymatic costs ₹14.5 lakh

Luxury watches are not about telling time. Indian watch snobs are also buying top-end timepieces to make a fashion statement, says Varoon P. Anand

Two years ago, Swiss luxury watchmaker Hublot came out with a limited edition rose gold watch to mark the first Indian Grand Prix. Sporting the Formula One logo and the colours of the Indian flag on its dial and strap, it was priced at a jaw-dropping ₹2.3 lakh. But that didn't deter buyers. All 200 pieces were snapped up. "For such buyers, just owning the brand is not enough. The entire pre- and post-owning experience counts," says Ashok Goel, the brand's sales consultant in India.

It is, clearly, the best of times for luxury watchmakers in India. Thanks to TAG Heuer's association with Shah Rukh Khan's ubiquitous face, many Indians think of the brand when they think of high-end watches. But India's romance with top-end brands began before Khan was born, and it was not confined to Rolls-riding ma-

ONE GLOBAL NETWORK
ONE GLOBAL ECONOMIC POWERHOUSE

WORLD TRADE CENTER®
PUNE

NOW OPEN FOR BUSINESS

Panchshil Realty launches World Trade Center Pune. A 1.6 million sq ft integrated business park in Kharadi redefining the way you do business.

Support services & amenities that enhance the quality of work environment include: Convention facility, Business centre, Banks & ATM's, Cafes, Medical facilities, Travel desk

THE CITY IS OPEN FOR BUSINESS, AND THE WORLD IS WELCOME.

T : +91-20-6611 9999 | Email : sales@panchshil.com | www.panchshil.com

Panchshil

ADITYA KAPOOR

Timeless: A TAG Heuer Carrera Calibre Automatic Chronograph watch

"Our bet was to create a subsidiary in 2002 and renounce our margin in order to offer our watches at the same price in India as in Switzerland, London, or Dubai and offer our full range here"

Franck Dardenne, General Manager, TAG Heuer India

harajas. If Eric Clapton had his 1971 Rolex Daytona ($505,000), our *aam aadmi* president Rajendra Prasad had his 18-carat, pink-gold Rolex Oyster ($440,000), which went missing from his memorial in Patna only to reappear decades later at an international auction. As the country's economy has boomed, creating several new billionaires, Indians have learned to carry their watches with elan. And although Wipro's Azim Premji, among the richest Indians, sticks to his HMT, everyone from Rolex and OMEGA to Breguet is vying for a slice of India, one of the world's fastest growing luxury markets.

Industry experts peg the luxury watch business at ₹1,000 crore, and estimate it is growing at about 20 per cent a year. Rolex has an advantage over its nearest rival OMEGA because it has always been a more familiar name in India, but competition is fierce. "India has been known for its enriched culture and passion for inheritance, and Rolex has been amongst the most treasured heirlooms among generations," Rolex says in a statement. "A Rolex timepiece is amongst the most recognised and most recognisable from a collection of legendary watches."

Many luxury watches are not just fashion accessories. Sometimes they are pieces of art. Traditionally, jewellery watches for women were the biggest sellers. With 24 carat gold straps and brilliant diamonds, they commanded a huge 70 per cent share of the market because they were also regarded as an investment. But times are changing and over the past five years, the luxury watch market has grown beyond just pretty pieces for women. Top-end watches are collectors' items, with some people forking out more than a crore to have one on their wrists. Watch snobs count the number of complications in a watch; the more the complications, the higher the price. Some complication watches display the phases of the moon, others micro measure time down to 1/1,000th of a second while many display multiple time zones at the push of a button.

One of the biggest statement-making pieces in the luxury watch market is the tourbillon, French for whirlwind. The tourbillon was invented more than two centuries ago by Swiss watchmaker Abraham-Louis Breguet and is hugely popular because it aims to counter the effects of gravity by mounting the components in a revolving case that sits visibly on the watch dial. New models are created every year with the cheapest starting

IMS Health Physician and Chemist Census

Unprecedented insights and opportunities for the Indian healthcare market

IMS Health Commercial Effectiveness Services (CES) are designed to help companies leverage best-in-class market intelligence to drive better outcomes and better organizational performance. **As part of this goal, The IMS Health CES team announces the launch of the IMS Health Physician and Chemist Census, revealing unprecedented insights into this key stakeholders group.**

What it is?

The IMS Health Physician and Chemist Census is the most comprehensive market intelligence available in India on this stakeholder group. The census covers 120 cities (metro and non-metro) and provides insights from over 373,000 physicians and 99,000 chemists across India.

What insights can the IMS Health CES team extract from the Census?

Physician Insights

Basic
- Name & contact details
- Qualifications
- Address

Practice
- Speciality
- Years of practice
- Type of practice
- Consultation fees
- No. of sales rep visits

Behavioural
- Perception of correlation between price and quality
- Inclination for trying new drugs

Patient statistics
- Number of patients per day

Technology
- Social media/ type of technology use
- Purpose of technology usage

Chemist Insights

Basic
- Address
- Business type (franchise, stand-alone, etc) and license number

Shop related
- Type of outlet
- Opening hours
- Number of sales people
- Visual merchandising

Turnover
- Proportion of sales by pharma, OTC, medical devices
- Number of prescriptions dispensed

Technology
- Use of computers and internet

Stocking
- Frequency of orders
- Number of suppliers
- Process type

Who does this Census benefit, and how?

Pharma & Consumer Health Companies

- Deeper insights about who their customers are, including information on physician behaviour, loyalty, attitude, and price sensitivity
- A more effective allocation of marketing efforts and better alignment of sales teams by identifying the right doctors and chemists
- Optimized sales force effectiveness, from sizing, deployment and reach, to frequency of visits
- Cleaner target lists, enabling a more discrete, focused profitability assessment at the physician level

Diagnostics & Medical Device Companies

- Visibility into the penetration and availability of medical devices and equipment
- Creation of more effective commercial strategies through better market segmentation analysis
- Development of a customer centric business model, resulting in a more accurate alignment of sales force size and structure

Government

- Development of better policies and healthcare infrastructure to ultimately increase market access
- Identification of under-served areas with a greater need for healthcare facilities as demonstrated by the relationship between doctor density and population

For more information, please contact us at info.in@in.imshealth.com

IMS HEALTH INDIA Unit No. 302, 3rd floor, Supreme Business Park, Supreme City, Behind Lake Castle & Avalon, Hiranandani Gardens, Powai, Mumbai - 400076

© 2013 IMS Health Incorporated and its affiliates. All rights reserved.

imshealth
INTELLIGENCE APPLIED

PHOTO: VIVAN MEHRA; MODEL: LERA, SARA MODEL MANAGEMENT

***Glam gadgets**: The Dior VIII in white ceramic, priced between ₹3.5 lakh and ₹14.8 lakh, is widely available at retail stores in India*

at almost ₹3 lakh.

Indians are paying through their noses for these glam gadgets. Jaeger-LeCoultre sells the Grande Reverso, created in 1931 at the request of British soldiers in the Indian Army who wanted a watch that could withstand the jostles of a polo match. That Indian connection has kept the watch a popular choice in India. Ulysse Nardin's Alexander the Great Minute Repeater costs a whopping ₹3.5 crore while Chopard's diamond-studded L.U.C Tourbillon Lady isn't exactly cheap at ₹2.47 crore. Sachin Tendulkar's favourite Audemars Piguet Royal Oak Offshore Self-winding Tourbillon costs ₹1.2 crore. That almost makes Richard Mille's Felipe Massa 011 at ₹82 lakh or Breguet's Classique 5717 Hora Mundi at ₹37 lakh seem reasonable.

Yashovardhan Saboo, CEO of India's largest luxury watch retailer Ethos & KDDL Ltd, thinks the industry is poised for robust growth. Ethos already has 38 boutiques across India and plans another eight within the year. However, he says one of the biggest hurdles is the complicated tax structure, which pushes the majority of Indians to shop abroad instead. A 2012 survey by a watch chain showed that 60 per cent of all over $5,000 watches purchased by Indians are bought overseas. "There is a pyramid of taxes we have to go through, with almost 40 per cent going to duties, creating a serious hurdle in pricing watches competitively," says Saboo.

Most major players agree that with tax rationalisation, an increase in the number of boutiques and growing understanding of different brands, the market could grow by up to 50 per cent a year. Meanwhile, some watch brands have responded by eliminating the import cost from their margin. "Our bet was to create a subsidiary in 2002 and renounce our margin in order to offer our watches at the same price in India as in Switzerland, London, or Dubai and offer our full range here," says Franck Dardenne, General Manager for TAG Heuer India.

Others are just focusing on creating brand awareness among savvy consumers. The move to create awareness includes a big push into smaller towns and cities with huge amounts of untapped wealth. While the top five cities represent 80 per cent of nationwide sales, the push is on to bring such watches closer to people in cities such as Pune and Ahmedabad. Ethos has opened outlets in Nagpur, Ludhiana, Aurangabad and Surat, and plans to open in Vadodara, Amritsar and Coimbatore. "Communication has to be well-executed for success," says Anil Madan, director of Delhi-based luxury watch retailer Johnson Watch Co.

Most luxury watchmakers have roped in celebrity brand ambassadors. Rolex has signed on tennis player Ashok Amritraj and musician Anoushka Shankar to sell its products while Rado is endorsed by movie star Hrithik Roshan and TAG Heuer shares a long history with actor Shah Rukh Khan. Longines uses Aishwarya Rai Bachchan for its campaigns. Clearly, luxury watchmakers are ahead of their time.

The writer is Senior Correspondent, India Today Spice

G:CORP
Driven by integrity

THE ICON BANGALORE

A New Lifestyle in Bengaluru

YOUR DREAM OF A SERENE GREEN LIFESTYLE, WE MAKE IT COME TRUE

Giving an edge to your personal life certainly amplifies the magnitude of your personality. The ICON from G:Corp essentially captures this emotional requisite. Here is a home that offers an iconic presence for you and keeps you always ahead of the regular and cluttered. Come, visit your dream home!

- Putting Green
- Tennis courts and town houses
- Motion sensor lighting for staircases
- Solar street lighting and heated pool
- Woods, park and jogging track
- Mini forest
- State-of-the art recreation facilities
- Amphitheatre, clubhouse sports area
- Multipurpose Hall for meetings

A LEED GOLD registered 21 acres residential project - 85% open space.

3, 4 BHK apartments ranging from 1795 to 3097 Sq. ft. and Penthouses at Thanisandra Road adjacent to Manyata Techpark near Hebbal in North Bengaluru.

CALL: 7676 131 999

E: enquiry@gcorpgroup.com | SMS: ICON to 56767 | www.gcorpgroup.com | www.theiconbangalore.net

*conditions apply.

MEMBER

G:CORP DEVELOPERS PVT. LTD.

Bengaluru | Pune | Mumbai

A Joint Venture with Shri M R Seetharam

CREDAI BENGALURU

ibdbrands.com

GENIES ON CALL

Want front-row tickets for a fashion show in Milan or an opera in Venice? Just pick up the phone and call your concierge to fulfil your most extravagant needs, says Arunima Mishra

One evening, during a recent visit to New York, Avula Jaikishen and his family wanted to watch a play, *The Phantom of the Opera*, on Broadway. But tickets for premier seats were not easily available. The health-care consultant from Chennai called up the concierge team at American Express (AmEx). It promptly sent him a seat map by email. He chose the seats he wanted and confirmed the amount to be paid via his AmEx Platinum credit card. Within four hours he got the tickets delivered to him at the Waldorf Astoria, the luxury hotel he was staying in, at no extra cost. "The concierge service enables me to get things done worldwide by simply making a phone call," he says. "There is no monetary value I can place on this service. It is priceless."

Jaikishen is one of a growing number of wealthy individuals in India who are availing luxury concierge services to take care of whatever extravagant requirements or impulses they may have. Traditionally, a

Royal treatment: *Amit Makker (left), Founder, T'Rouge Concierge India, entertains a client at the Gurgaon restaurant, 21 Gun Salute*

SHEKHAR GHOSH/www.indiatodayimages.com

concierge was a person at hotels who handled guests' travel arrangements or got tickets for them for events they wished to attend. The word has now acquired a whole new meaning. It is part of what some call "lifestyle management services".

AmEx began offering concierge services in India at the turn of the century. Over the years, a number of other companies have also moved into this realm. These include Quintessentially Lifestyle, Les Concierges, T'Rouge Concierge India, Concierge Alliaance Global, and A La Concierge Services.

Executives at luxury concierge firms say they receive – and fulfil – a variety of demands from people hard-pressed for time but with deep pockets. These include enabling them to watch matches at Wimbledon, attend fashion shows in Milan or operas in Venice, and even meeting unusual wishes such as arranging white butterflies for a wedding or a helicopter tour to see an eclipse in Japan (see *The Wackiest of Them All*, page 96). AmEx even provides medical and legal help to its Platinum card holders globally, says Shailesh Baidwan, Country Manager and Head of Consumer Services for American Express Banking Corporation in India. "Luxury is not only about wearing a high-end watch or owning a limited-edition bag," adds Mishti Bose, Group CEO of Quintessentially Lifestyle India. "It's also about high-end experiences."

Style matters: *Mishti Bose, Group CEO of Quintessentially Lifestyle India, which has a portfolio of 32 luxury services*

SHEKHAR GHOSH

The exact size of the luxury concierge services industry in India is not known but industry executives estimate it to be around ₹500 crore. This includes services for both individuals and companies.

Foreign nationals in India are also availing of concierge services. Richard Koppmair, a German who works as a consultant with the Ministry of Civil Aviation, says many foreigners hire concierge firms to avoid falling into the traps of conmen. "Concierge services come in handy when you have to negotiate personally in a different country," says Koppmair, who is a client of T'Rouge.

The UK-based Quintessentially Lifestyle, one of the world's leading private members' clubs, began India operations three years ago. It has a portfolio of 32 businesses covering every facet of the luxury lifestyle market. Its clientele comprises industrialists, socialites, actors and several companies, says Bose, who earlier worked with AmEx.

While some concierge firms in India are local arms of global corporations, others were started by Indians themselves. T'Rouge was set up two-and-a-half years ago by Amit Makker, who learnt the tricks of the trade at the Oberoi and Leela hotels in Delhi where he was head concierge for 13 years. Makker's five-member team doesn't cater to corporate clients, but only individuals. His private clients include textile and sugar millionaires, diamond merchants, stock brokers and expatriates. "A lot of expatriates who stayed at the Oberoi during my stint there still get in touch whenever they come to India," he says.

Bangalore-based Les Concierges was started by first-generation entrepreneur Dipali Sikand in 1998. A La

I THINK
I LEARN
I TRANSFORM

THE GALGOTIAS' ADVANTAGE

GALGOTIAS UNIVERSITY

(Established under Galgotias University Uttar Pradesh Act No. 14 of 2011)

INDIA TODAY GROUP'S MAIL TODAY INDUS LEARNING ENGINEERING & TECHNOLOGY INSTITUTES RANKING 2013

TOP ENGINEERING AND TECHNOLOGY INSTIUTES, DELHI-NCR &UP

GOVERNMENT AND PRIVATE (PERCEPTION STUDY)	RANK
IIT, K; IIT, DELHI, IIT, BHU	1
DELHI TECHNOLOGICAL UNIVERSITY, ROHINI	2
MOTI LAL NEHRU INSTITUTE OF TECHNOLOGY; IIIT- ALLAHABAD	3
NSIT; NIT	4
GALGOTIAS UNIVERSITY	**5**
FACULTY OF ENGG AND TECHNOLOGY, JMI	6
MAHARAJA AGRASEN INSTITUTE OF TECHNOLOGY, DELHI	7
AJAY KUMAR GARG ENGG COLLEGE, GHAZIABAD	8
AMITY SCHOOL OF ENGG & TECHNOLOGY, NOIDA	9
ITM UNIVERSITY	10

GALGOTIAS UNIVERSITY TOP-RANKED WITH IITs & NITs

IN INDIA TODAY'S MAIL TODAY - INDUS LEARNING ENGINEERING AND TECHNOLOGY INSTITUTES RANKING 2013

FOR THE FULL RANKINGS AND REPORT VISIT
http://epaper.mailtoday.in/2972013/epaperpdf/2972013-md-hr-20.pdf
http://epaper.mailtoday.in/2972013/epaperpdf/2972013-md-hr-21.pdf

GALGOTIAS UNIVERSITY'S WORLD-CLASS EDUCATION RANKED HIGHER & HIGHER EVERY YEAR

LEADING MEDIA SURVEYS RANK GALGOTIAS AMONG THE TOP INSTITUTIONS YEAR AFTER YEAR

ISSUES :
- Outlook - India's Best Professional Colleges, 1 July, 2013
- The Week - Best Colleges, 9 June, 2013
- Business World - India's Finest Universities, 1 July, 2013.
- Dataquest - Top T-School Survey, 2012

ACADEMIC PROGRAMS • B.Tech / M.Tech • B.Tech+MBA (5 Years) • BCA / MCA • B.Sc - Forensic Science, Medical Lab Technology, Nursing, Hotel Management / M.Sc - Bioinformatics, Forensic Science • BBA / MBA • BBA+MBA (5 Years) • BMS (4 Years) • B.Com (Hons) / M.Com • B.A. / M.A. - Applied Psychology, Economics, English, Sociology, History, Political Science, Geography • BSW / MSW • LL.B. (Hons) / LL.M. (1 Year) • B.A. LL.B. (Hons) • BBA LL.B. (Hons) • BJMC / MJMC • BPharm / MPharm • BPT / MPT • Ph.D. / M.Phil. (Various Specialisations)

GUA7
GALGOTIAS UNIVERSITY SEVEN ADVANTAGES
- ACADEMIC HERITAGE
- WORLD CLASS FACULTY
- INTERNATIONAL TEACHING PEDAGOGIES
- INTERNATIONAL TIE-UPS
- 100% PLACEMENT+
- HIGH CALIBRE PEER GROUP
- EXCELLENT LEARNING ENVIRONMENT

THINKING QUOTIENT IS THE FUTURE PREPARE NOW

Galgotias University's world-class education wins the finest accolades across the country and is ranked higher and higher in national media surveys year after year.

And the number of leading coporates at the Galgotias campus just keeps growing and figures stay maximised at 100% - according to surveys.

Galgotias University has tie-ups for research, exchange and mentoring programs with several of the world's top universities, for access to the finest syllabi, proven international pedagogies and opportunities for cutting-edge research.

Galgotias University's initiatives to achieve end-to-end industry-integration are growing hugely with visionary corporates such as IBM, KPMG and Max Institute of Health and Education Research.

Galgotias is top-ranked in survey after survey in the national media, year after year, among India's most prestigious institutions. The new India Today's Mail Today - Indus Learning Engineering and Technology Institutes Ranking 2013 places the University just below the IITs and NITs; and ahead of the Faculty of Engineering and Technology, Jamia Milia Islamia University. Galgotias University is also No. 1 among all private & government run Engineering Institutions in the NCR. The latest Outlook - India's Best Professional Colleges, 1 July, 2013, reveals that Galgotias University has overtaken much older prestigious government institutions with longstanding legacies such as the highly reputed Madan Mohan Malviya Engineering College.

Galgotias University grows higher and higher each year in its mission to provide multi and interdisciplinary research - based holistic education for lifelong experiential learning ability that enables students to respond entrepreneurially to societal issues and challenges.

INDUSTRY TIE-UPS **IBM WIPRO ACCENTURE L&T INFOSYS MIHER CAPGEMINI TCS**
Numerous industry partners for industry-guided syllabus, infrastructure & placement

GALGOTIAS UNIVERSITY. INDIA'S MOST SOUGHT AFTER UNIVERSITY.
DEVELOP YOUR THINKING QUOTIENT. EMERGE A COMPLETE HUMAN BEING.

TIE-UPS WITH THE FINEST INTERNATIONAL UNIVERSITIES

Georgia Tech — Ranked among the top 10 universities of the world
Galgotias University signs MoU with Georgia Tech, USA

PURDUE CALUMET, USA — Ranked among Top Global Research Universities
Tie-up for long term student & faculty exchange program & research collaboration

GOETHE UNIVERSITY, FRANKFURT — Ranked 10th finest globally - New York Times Survey
Exchange programs enables MBA & MS students to study 1-2 semesters at Goethe University with no extra tution fee

ARKANSAS, FAYETTEVILLE, USA — Among Top Research Universities by Carnegie Foundation
Tie-up with University of Arkansas for faculty & student exchange, collaborative program, seminars, research, syllabi & pedagogies

MARYLAND, ROBERT H. SMITH — Ranked among Top 50 Global B-Schools
Tie-up with Smith Business School for MBA student exchange

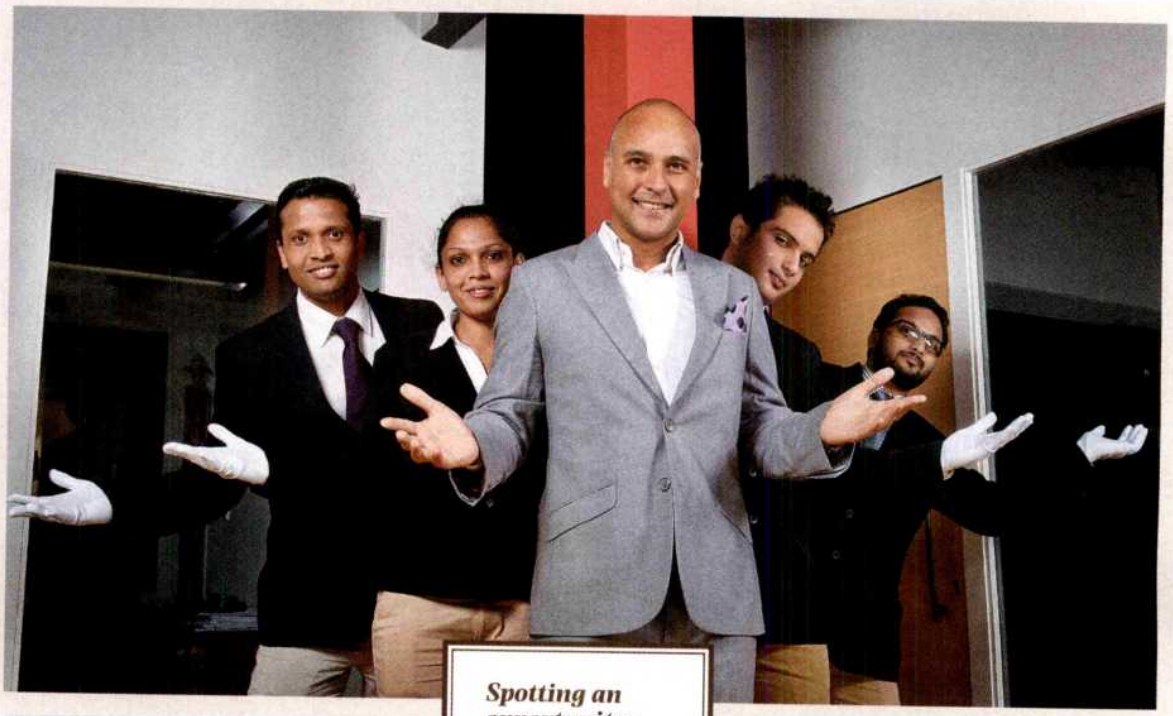
Anglia Ruskin University, UK — Ranked among Top 100 UK Universities- Guardian University Guide
MOU for student & academic exchange, joint R&D, collaborative degrees & syllabi

NIU, USA — Among Top Ranked American Universities - Washington Monthly
MOU with NIU to expand scholarly ties & academic collaboration

+ Data According to media surveys tmn

ADMISSIONS OPEN FOR 2013-14 SESSION To apply online, visit : www.galgotiasuniversity.edu.in

GALGOTIAS UNIVERSITY, Greater Noida. For details of the above and other programs, write to admissions@galgotiasuniversity.edu.in | 0120-4370000



NISHIKANT GAMRE/www.indiatodayimages.com

Spotting an opportunity: *Chaitanya Sinh (middle) set up A La Concierge Services to cater mainly to corporate clients*

Concierge Services, based in Mumbai, was founded by Managing Director Chaitanya Sinh in 2004. Both companies provide services to corporate as well as individual clients. Les Concierges, backed by investors who include Rakesh Jhunjhunwala, has a presence in 13 cities and plans to expand to Coimbatore, Kochi, Baroda and Bhubaneswar as well soon. The company has 250 corporate clients and 700 individual members globally, including about 150 in India, says CEO Srikanth D.S. A La Concierge, says Sinh, is increasing its focus on wealthy individuals. Until a year ago, the company got 95 per cent of its business from corporate clients and the remaining from individuals. Now the corporate share is down to 90 per cent.

How much do these services charge? AmEx takes an annual fee of ₹50,000 from Platinum credit card holders like Jaikishen. Les Concierges charges between ₹60,000 and ₹100,000 annually for membership, says Srikanth. Clients also bear the cost of the service or product they request. Quintessentially Lifestyle has three membership categories – dedicated, bespoke elite and global elite. The annual fee is ₹2 lakh for the dedicated category and ₹8 lakh for the bespoke elites. The global elite memberships, where clients get relationship managers in 70 cities, are by invitation only, and cost even more.

T'Rouge follows a different business model. Makker says he doesn't take any annual membership fee. Instead, he charges three per cent service fee on the requests made by clients. "It generates more business for me," he says. A big part of his profit comes from commissions. His commission ranges from two to six per cent on airline tickets and 20 to 30 per cent on handicrafts, just like other concierge firms. "That's the reason I'm not adopting a membership model," he adds.

The luxury concierge services industry is set to grow in India thanks to an increase in the number of wealthy people, global awareness and lifestyle consciousness. Even during economic slowdowns the segment is less volatile than most other sectors, says AmEx's Baidwan. AmEx's travel bookings have risen this year and the firm has met nearly all requests from its concierge clients, he says. But with competition intensifying, what is the differentiator between one concierge firm and another? "The ability to innovate, think out of the box and have a large organisational network globally," says Bose of Quintessentially Lifestyle.

Send your comments to editor.bt@intoday.com

TIRUmani

Let luxury greet you and embelish your life

Queens Park, Ballygunge, Kolkata

2B+G+20, 54 units of 4 BHK & Duplex Apartments with Swimming Pool, Gymnasium, Banquet, Library and Indoor Games

Winner of **'Best Residential Project in the Ultra-Luxury Segment (70% Completed Category) in Eastern India'** in the CNBC Awaaz Real Estate Awards 2012

CREDAI
Confederation of Real Estate Developers' Associations of India

mani
changeforgood

Corp. Off :

9-IT Chambers, Mani Square, 164/1 Maniktala Main Road, Kolkata - 700 054

Ph : +91 9831568890, 033 2340 7100

THE WACKIEST OF THEM ALL

Wealthy Indian clients of concierge services firms sometimes make unusual demands. ***Arunima Mishra*** *lists a few of the most bizarre.*

ILLUSTRATIONS BY RAJ VERMA

1. **A concierge** firm was once asked to supply 500 white butterflies for a client's wedding in India

2. **The CEO** of a consumer goods company wanted singer Britney Spears to have dinner exclusively with him. The concierge firm arranged it

3. **A client** from a Uganda-based business family, on a visit to Kenya, wanted to witness the tribal coming-of-age ceremony called Eunoto, by which young Masais become 'junior elders'. The concierge firm got the village elders' permission for him to do so

SKYTEAM®

SKYPRIORITY. BECAUSE YOU ARE OUR PRIORITY.

SKY PRIORITY

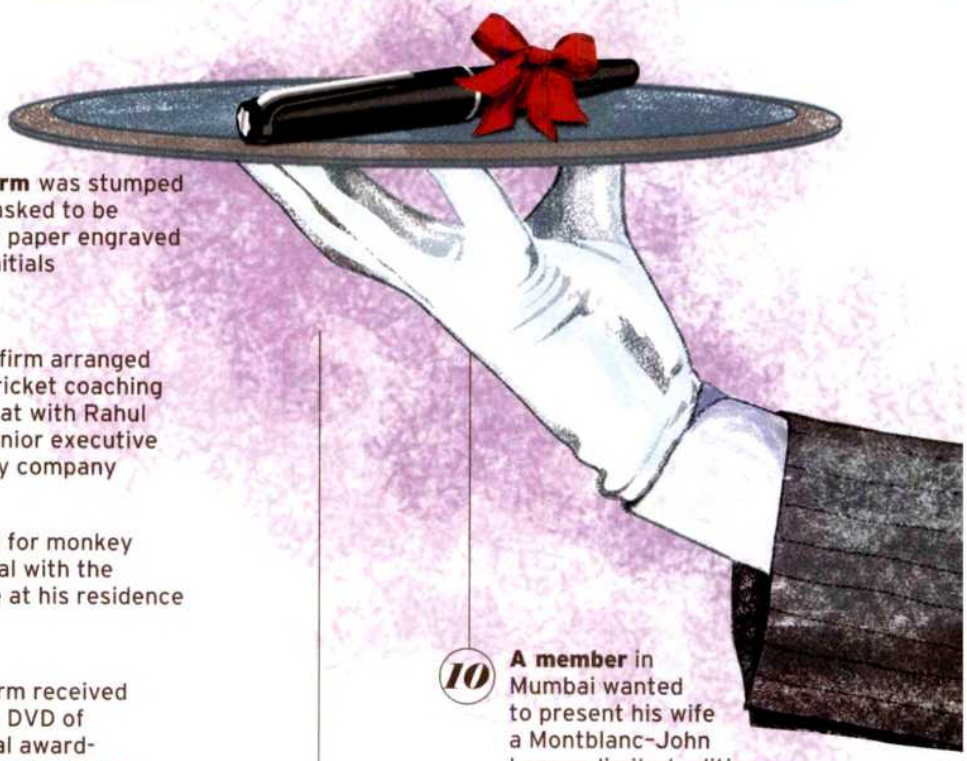
SkyTeam introduces SkyPriority, an alliance-wide priority service which is easy to spot at every SkyTeam-served airport around the world. Wherever you fly with SkyTeam member airlines, you* will automatically benefit from priority check-in, baggage handling, boarding and transfer desks. To learn more, visit **skyteam.com**

Caring more about you*

*First Class, Business Class, and SkyTeam Elite Plus passengers.

AEROFLOT · AerolineasArgentinas · AEROMEXICO · AirEuropa · AIRFRANCE · Alitalia · CHINA AIRLINES · CHINA EASTERN · CHINA SOUTHERN · CZECH AIRLINES

DELTA · Kenya Airways · KLM · KOREAN AIR · MEA · SAUDIA · TAROM · Vietnam Airlines · XIAMENAIR



4 **A concierge firm** was stumped when a client asked to be provided toilet paper engraved with his own initials

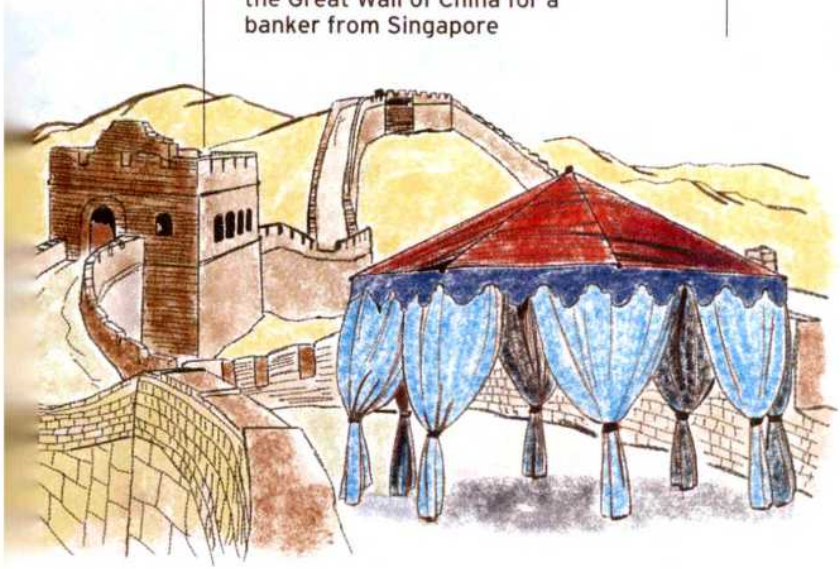
5 **Another** such firm arranged an exclusive cricket coaching session and chat with Rahul Dravid for a senior executive at a technology company

6 **A client** asked for monkey catchers to deal with the simian menace at his residence

7 **A concierge** firm received a request for a DVD of an international award-winning documentary. But it was not on sale. The firm contacted the filmmaker, got him to convert the film to DVD format and sent it to the client concerned

8 **A client** wanted Japanese puppies of Shiba Inu breed, similar to the one featured in the Richard Gere film *Hachiko*. The puppies are not available in India. So they were brought from Japan

9 **A concierge** firm arranged a marriage proposal atop the Great Wall of China for a banker from Singapore



10 **A member** in Mumbai wanted to present his wife a Montblanc-John Lennon limited-edition pen. Only 70 pieces were globally available. The concierge firm contacted its international offices and got the pen

11 **A concierge** firm arranged a villa for a week at the Hamptons, one of New York's priciest localities, for a member and his family on holiday in the United States

12 **A customer** wanted, "at any cost", a scarf similar to the ones the late Palestinian leader Yasser Arafat wore

13 **A British** woman's light-brown Birkin bag worth ₹7.5 lakh was soiled during Holi in Mumbai. The concierge firm sent it to Hermés in Paris, where it was painted black

14 **A concierge** firm organised a visit to the Ferrari factory in Italy for a Bangalore-based realtor and his family

**Anecdotes courtesy American Express, Quintessentially Lifestyle India, Les Concierges and T'Rouge Concierge*

Advertorial

Taking the Mystery out of Retirement Planning

We can sometimes get caught up in the frenzy of life: family activities, work responsibilities, hectic schedules. We have to plan for and arrange for in the present that one wonders where does retirement fit. When was the last time you thought about it? Do you tend to put it off until tomorrow? Taking action now, however, may give you the power to choose later. It is important to realise that effective planning starts well before retirement age. Important calculations need to be made to determine what it will take to survive financially throughout the retirement years, which competent advisors and organisations can help with. If planned well, it is not that difficult a task to self fund one's own retirement.

Early planning for retirement is critical because it typically takes many years to accumulate the necessary funds to live comfortably when you no longer enjoy the advantages of a salary. If you begin your investing early in your working life, it will allow funds to accumulate and grow over the subsequent decades, so that you have substantial resources for navigating your retirement years. After, life in retirement is little different from life otherwise, except that in retirement one no more works to earn or it becomes that much more difficult to find work, given one's age. The essential fact about retirement planning is that it is simply making provisions out of your current income and investing for the time when you come to retire. Financial planning is crucial because it identifies your sources of income and expenses and establishes your retirement budget. Retirement planning can be divided into two parts—accumulating money for retirement and distributing the accumulated money in retirement.

The accumulation phase has several avenues such as Employee Provident plan, Public Provident fund, Retirement plans, Mutual funds and the National Pension Scheme. The sooner you start saving, the more time your retirement capital will have to grow. The effect in a pension plan or retirement solutions can be quite remarkable. However, remember that Employee's pension schemes provide only minimum financial security. To retire comfortably, you will need other sources of income.

The most important part of retirement planning is to know when you can retire and when you cannot. Each person should decide on an adequate retirement income and then work towards creating a corpus that can provide this income. This can be achieved by going to reputed financial advisors or organisations that have the necessary competence and tools to help you ascertain your retirement needs. For instance, advisors should be equipped to factor in the rising prices and the rate of inflation, as well as increased interest rates. These are factors that you should continuously keep updating, because unlike some plans in life that can be postponed such as purchase of a new phone or a car, retirement needs cannot be postponed for very long.

In retirement, remember your income will likely come from three general sources: pensions, employment-related sources and your own personal investments. Your retirement will be more enjoyable if your income is structured to fit your lifestyle choices and if you have developed a retirement plan to protect the assets you have worked hard to acquire. Now that you know what it takes to plan for your retirement, start scouting online to first analyse how much you will need to save for a safe and secure retirement and then save and invest in appropriate instruments to ensure you have a safe and secure retired life.

To learn more about investment,

SMS 'EDU IT' to 5676766
or mail at
learning@icicisecurities.com
or log on to
http://learning.icicidirect.com

"It's never too late, or too early to start some things in life. Like planning for your retirement."

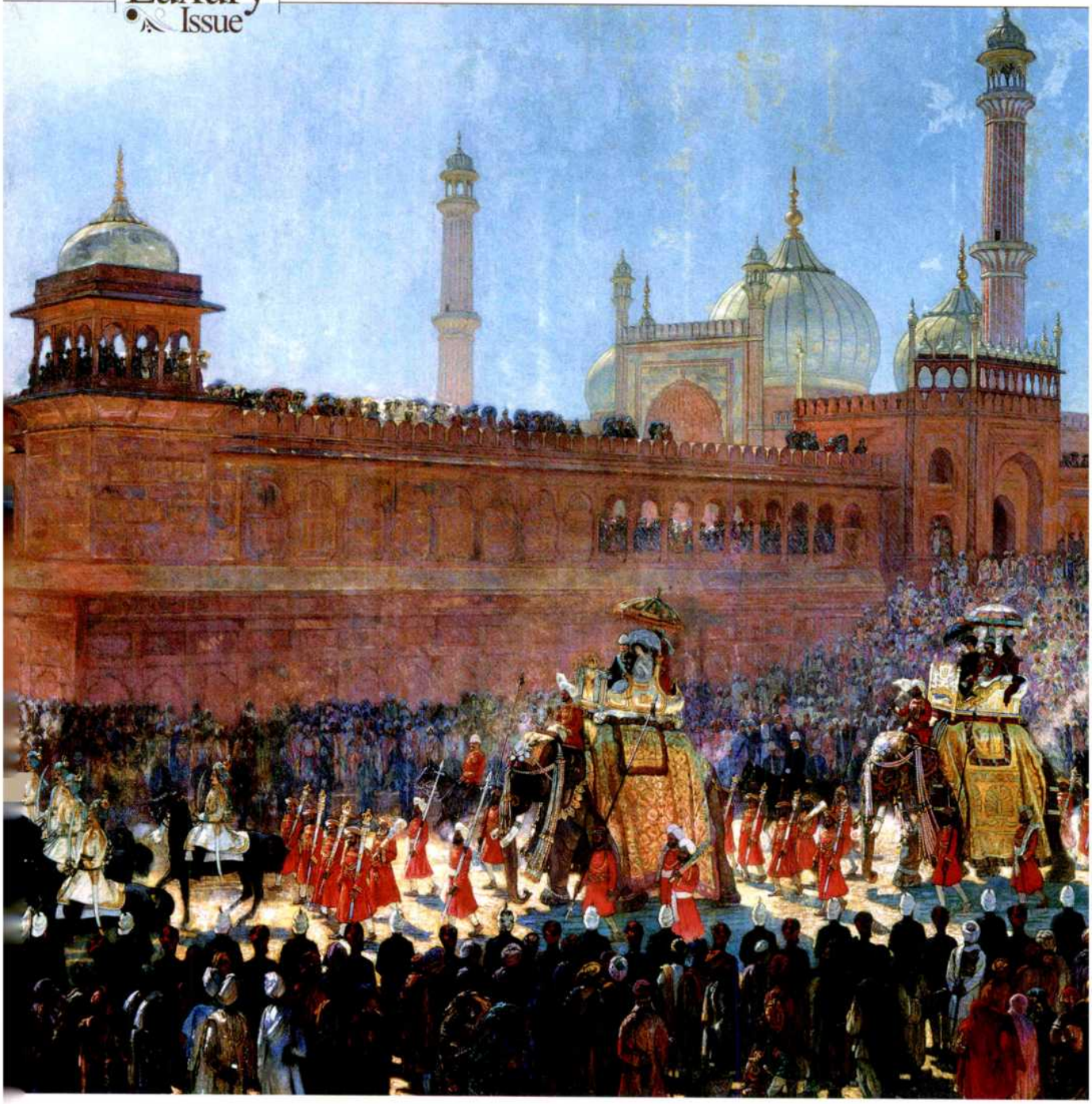
Retirement planning services for every need.

ICICI direct.com
Investments on Your Fingertips

ICICI Securities Ltd.

To avail Retirement Planning Services, log on to **www.icicidirect.com** or sms '**IDIRECT RP**' to **5676766**.

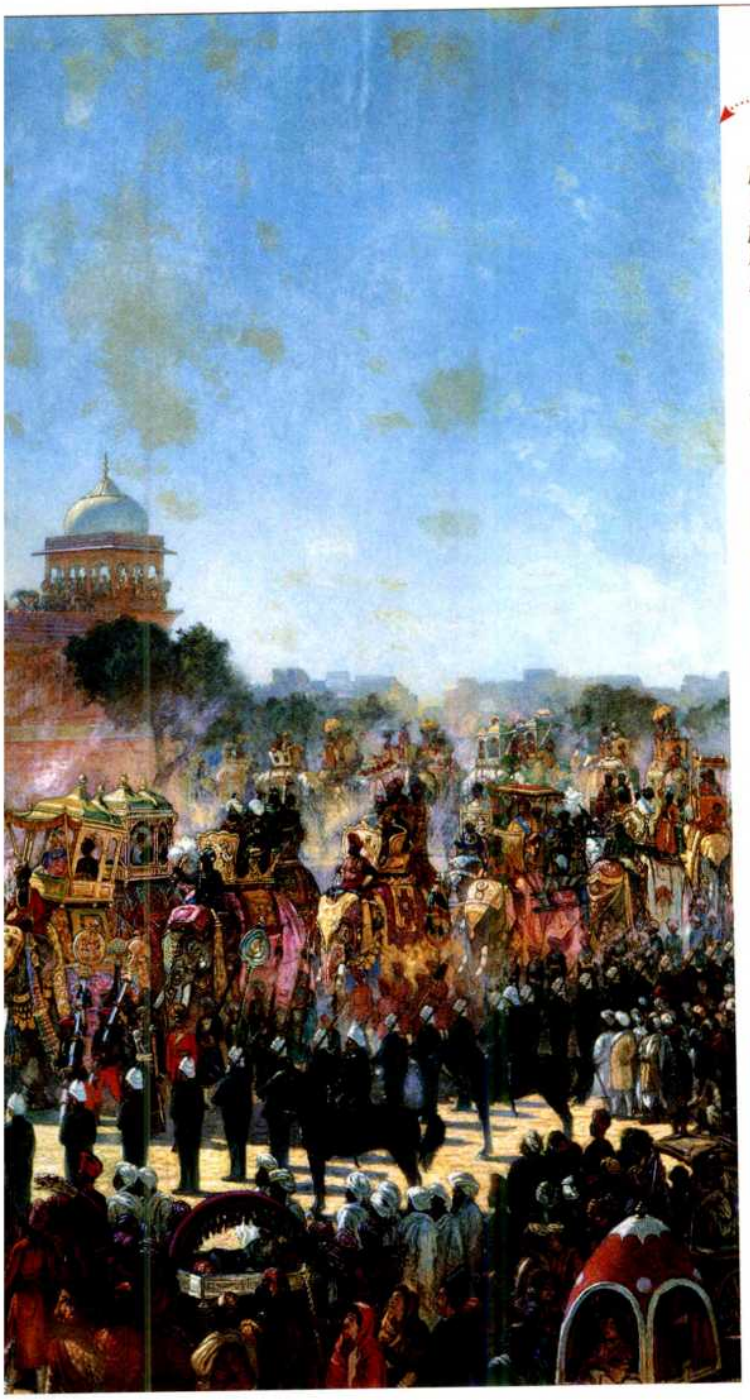
I Securities Ltd.(I-Sec). Registered office of I-Sec is at ICICI Securities Ltd. - ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai - 400020, India. Tel No : 022 - 2288 2460, 022 - 2288 2470. Corporate Agent of ICICI Prudential & ICICI Lombard, Composite Corporate Agent License No. 2613830. Insurance is the subject matter of the solicitation. ICICI Securities Ltd. does not underwrite the risk or act as an insurer. The contents herein above shall not be considered as an invitation or persuasion to trade or invest. I-Sec and affiliates accept no liabilities for any loss or damage of any kind arising out of any action taken in reliance thereon. PFRDA does not assure or guarantee any returns on the investments made by the subscribers under NPS. Please read the scheme related document carefully before investing for full understanding and detail. NPS is a defined contribution plan and the benefits would depend on the amount of contribution made and the returns generated on the investments made.



THE KING'S REACH

Indian royalty's tryst with luxury over the years

Photographs courtesy Roli Books; Curated by Aditya Kapoor



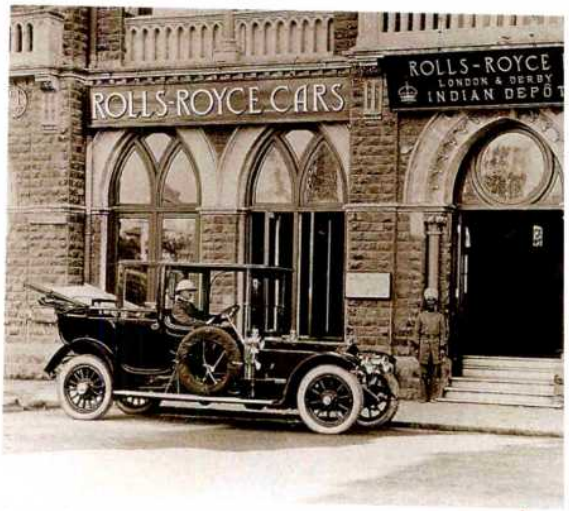
Delhi Durbar of 1903, an oil painting by Roderick Mackenzie

A mid-17th century sword (right) the hilt made of white nephrite jade, set with rubies, diamonds and emeralds in gold. The scabbard (left) has jade mounts

Wedding attire for women from the Awadh family in the mid-19th century

Rewa's Maharaja Raghuraj Singh, wearing the robe of the Most Exalted Order of the Star of India, an honour conferred on him in 1875 by the Prince of Wales

Maharani Suniti Devi of Cooch Behar in a gown of white satin, made by a French dressmaker. She wore the dress at the coronation of King Edward II in 1902



One of the eight Rolls-Royce Landaulettes outside Rolls-Royce's India Depot on Mayo Road, Bombay, 1911

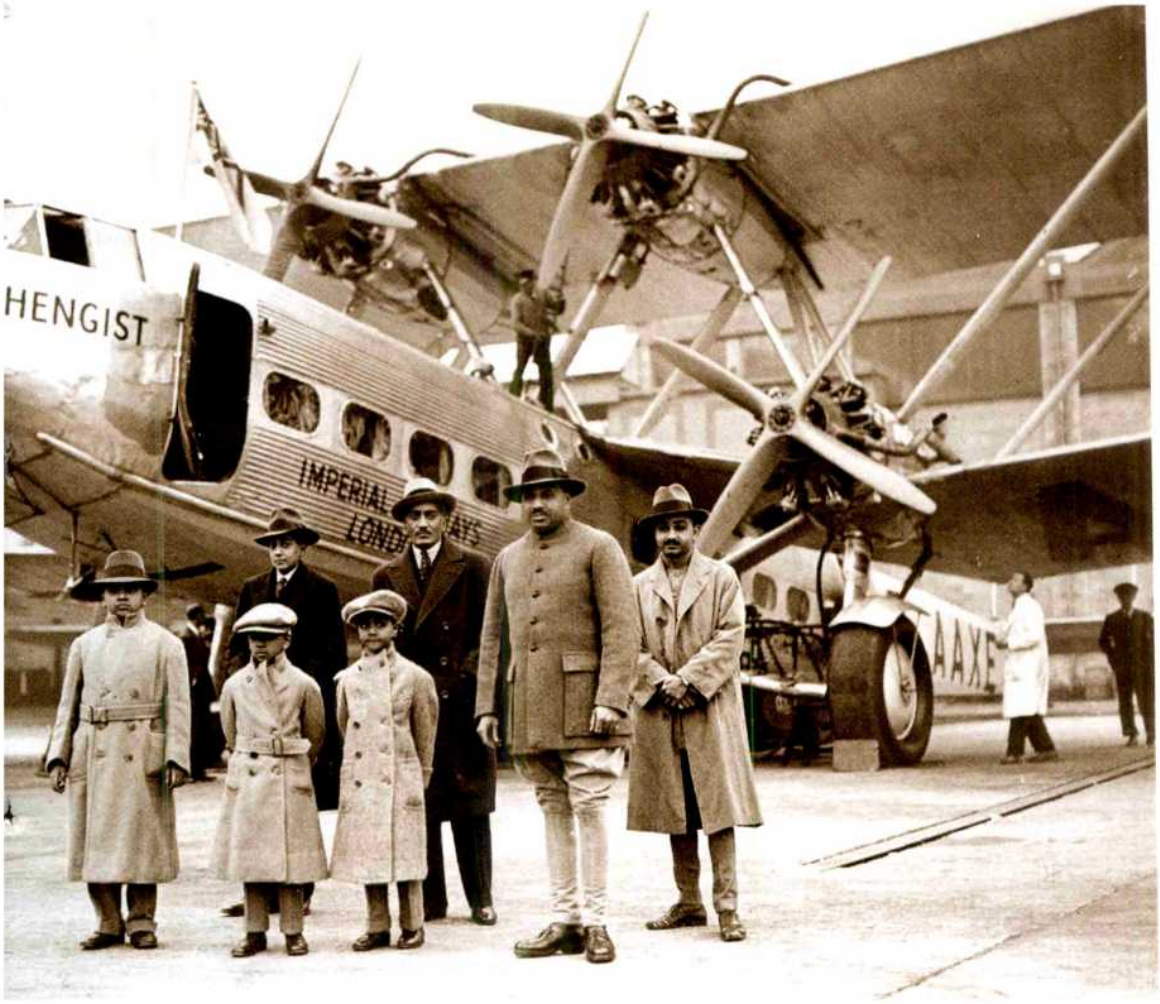
Repeater pocket watch, gold with enamel portrait of Maharaja Bhupinder Singh of Patiala, 1920

Maharaja Sir Jitendra Narayan Bhup Bahadur of Cooch Behar, 1913

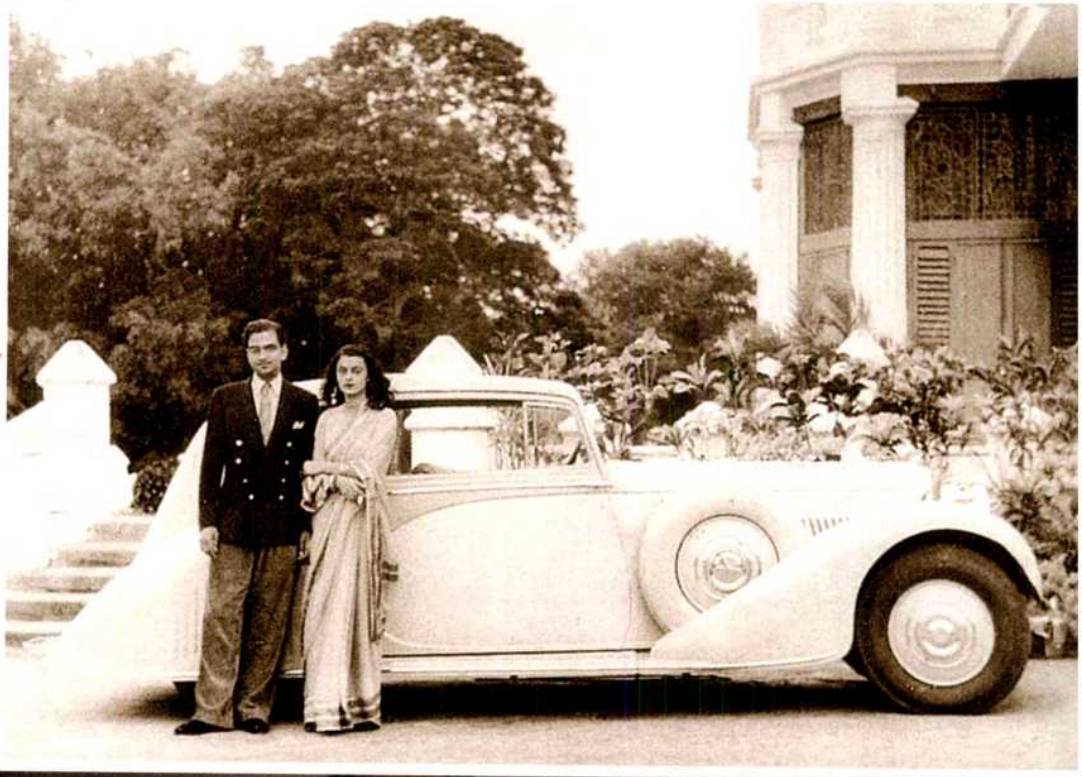
The £30,000 dinner service in silver gilt, from Goldsmiths and Silversmiths Co, for Maharaja Bhupinder Singh, on the visit of Edward, Prince of Wales, to Patiala in 1921

Slippers (velvet with embroidery of metal thread), from Hellstern & Sons, for Maharaja Jagatjit Singh of Kapurthala in 1920

A Colt pistol (gold and ivory), made for Maharaja Umaid Singh of Jodhpur in 1943



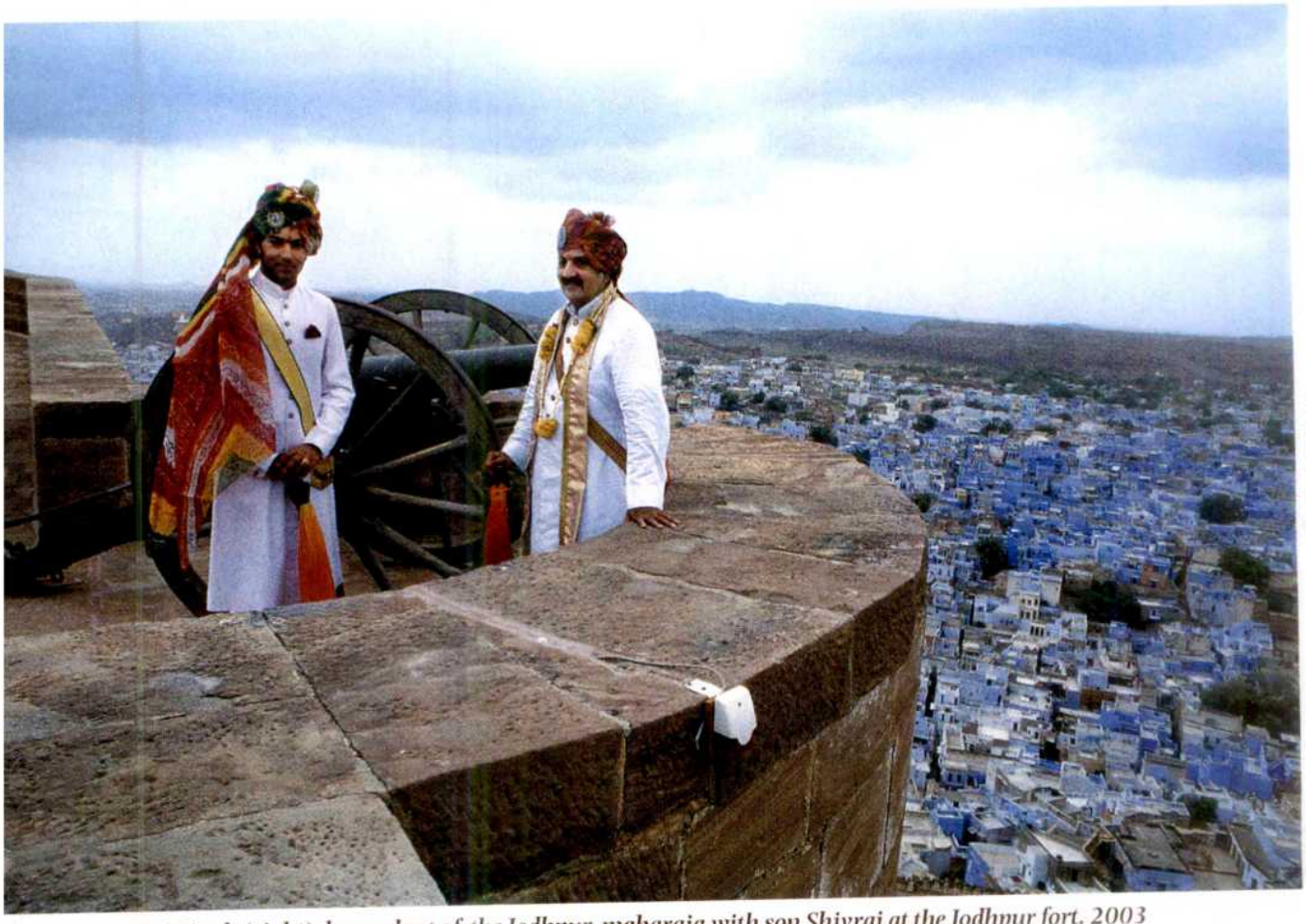
Maharaja Umaid Singh of Jodhpur (second from right) with his brothers and sons at Croydon airport before their tour of Europe in 1938. Son Hanwant Singh (far left) succeeded him in 1947



Jaipur's Maharaja Man Singh II and Maharani Gayatri Devi with their 1939 Bentley two-door saloon

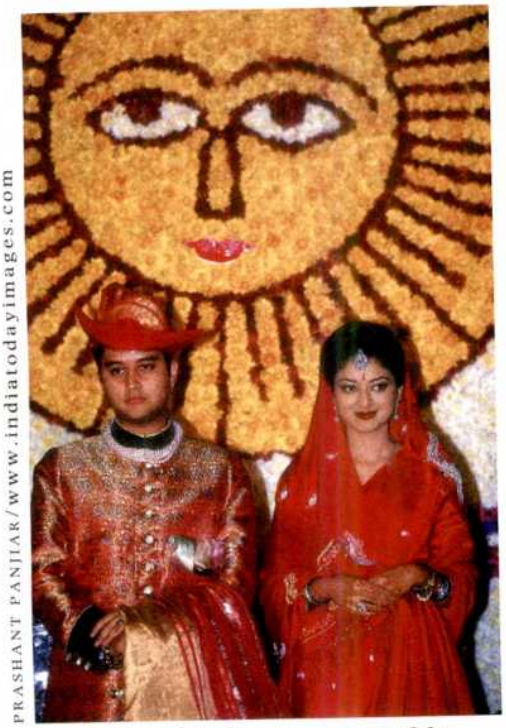
Arvind Singh (centre) – the 76th custodian of the House of Mewar of Udaipur

Photographs from the following books: *Delhi Red Fort to Raisina, The Lafayette Studio and Princely India, Dining with the Maharajas: A Thousand Years of Culinary Tradition, Indian Costumes, Made for Maharajas: Designs for Princely India, The Unforgettable Maharajas: One Hundred and Fifty Years of Photography, Made for Mughal Emperors: Royal Treasures from Hindustan/ Sourced by Palak Neb*



BANDEEP SINGH/www.indiatodayimages.com

Gaj Singh (right) descendant of the Jodhpur maharaja with son Shivraj at the Jodhpur fort, 2003



PRASHANT PANJIAR/www.indiatodayimages.com

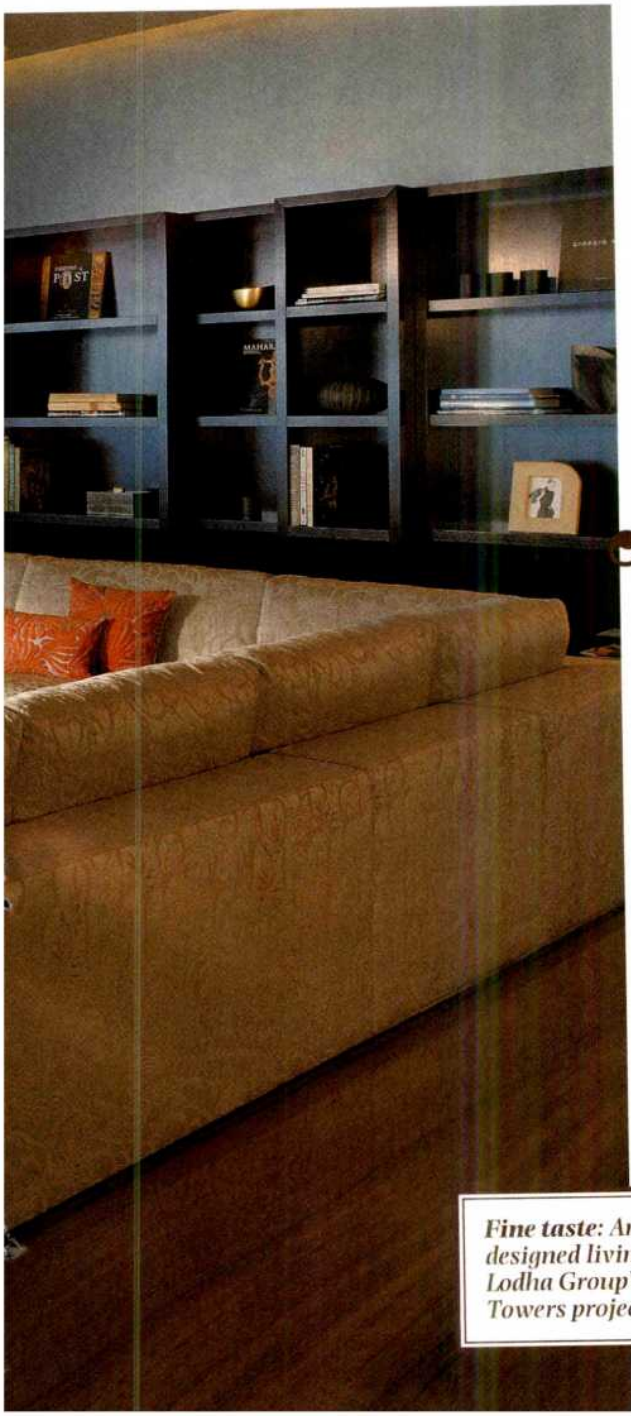
Jyotiraditya Scindia, descendant of the Gwalior maharaja and currently Union Minister of State for Power, with wife Priyadarshani Raje at their wedding, 1994

RAVI S. SAHANI/www.indiatodayimages.com

Karan Singh, descendant of the maharaja of Jammu and Kashmir with his wife, the late Yasho Rajya Lakshmi, 2006

A FOREIGN HAND IN THE HOME

Globally-renowned interior designers such as Philippe Starck, Giorgio Armani and Jade Jagger are increasingly lending their eclectic touch to high-end residences in India, says **Aroma Sah Anant**



Fine taste: *An Armani-designed living room at Lodha Group's World Towers project in Mumbai*

Marque automobile brands, haute horologists and even helicopter makers are among the many purveyors of luxury who have formed alliances with artists and designers to create one-of-a-kind offerings for their discerning customers. A similar marriage between Indian property developers and interior designers of international repute is now giving rise to a new phenomenon — branded luxury residences.

With the number of wealthy individuals on an upsurge and lifestyle awareness increasing, demand for branded luxury condominiums, penthouses and villas is rising. Mumbai-based Lodha Group, Pune's Panchshil Realty, Supertech and BPTP in the National Capital Region are among companies which have tied up with celebrated designers such as Giorgio Armani, Philippe Starck and Jade Jagger to tap into this opportunity. "The idea of luxury – and that includes luxury homes – in India is a lot more widespread than people realise," says Armani, the noted Italian designer. "It is a visual and cultural attitude, which the expanding economy has made available to more levels of the vast population."

Property consultancy Knight Frank said in a recent report that using international interior designers has become increasingly important in a competitive marketplace. Abhisheck Lodha, Managing Director, Lodha Group, says the trend is gaining momentum

1. Bathroom fittings by Sherle Wagner

2. A sitting room designed by Armani/Casa

3. A bedroom in Trump Towers, Pune

thanks to the inherent appeal of the global brands as well as the limited availability of such residences. He says the market size of branded luxury residence segment in India is about ₹7,500 crore – or only about 1,000 units – and it is growing at 20 per cent annually.

Ultra-luxury projects typically include centrally air-conditioned towers with electronic access control, swimming pools, and dedicated concierge services. Some developers are pushing the envelope further by including a museum or an observatory in high-rise apartments. Residences are fitted with the finest accoutrements, be it a Baccarat chandelier, graphic wall artwork, bathroom fittings by Sherle Wagner or Duravit, or Italian flooring.

Branded luxury residences cost between ₹5 crore and ₹50 crore, depending on factors such as size, location and facilities offered. While customers are willing to shell out a premium for the unique designer tag, they also want their homes to suit their individual tastes. Developers give buyers options from a variety of fittings, furnishings and themes within the designer's range. Buyers can even choose to include a private sky garden or, say, a home theatre. "Everyone in India... cherishes and owns items that are beautiful and unique. Whether it's a fabulous shawl, a hanging on the wall or jewellery... everybody invests as much effort as they can to decorate themselves and their homes with great design," says Jagger. "This is a country in touch with artisan production."

The trend began in 2010 when Panchshil collaborated with the French designer Starck's Yoo Design Studio for YooPune, a super-luxury apartment project in Pune. YooPune has 228 apartments with prices starting at ₹8.5 crore each. Panchshil followed this up in early 2012 with the launch of Trump Towers Pune in collaboration with American real-estate tycoon

Ajay Khanna
Country head, Herbalife India

Q.1. Could you give us a brief outlook about Herbalife and its business in India?

A: Herbalife is a global nutrition company which sells its products exclusively through a network of independent distributors. We have completed 13 successful years of operations in India and are one of the leading direct selling companies in India. Herbalife India has a range of Nutrition, Dietary supplements and Personal care products which are sold through a network of independent distributors in India. We have been instrumental in providing employment opportunities to people across the country by giving them an opportunity to live better lives and to fulfill their dreams.

The modern Indian consumers have a greater awareness of their wellbeing and prioritize on good health. This contributes to the demand for our quality products which meet the needs of the consumer. Herbalife is a member of the Indian Direct Selling Association (IDSA) which is a self-regulatory body for direct selling companies in India, formed in 1996, affiliated to the World Federation of Direct Selling Association (WFDSA), USA.

Q.2. Which are the fastest moving products and why are they so popular?

A: Our inner nutrition products such as **Formula 1 Nutrition Shake Mix** which is a meal replacement supplement aids in providing balanced nutrition for the entire body, as well as weight loss; The **Personalized Protein Powder** is a protein supplement for hunger control and healthy weight management while **Afresh** is an instant energy drink-mix which increases mental alertness, maintains energy levels. They are the fastest selling products from our portfolio. Our products are formulated using science and nutrition developed by our in house scientist and researchers who work towards providing quality products. We also ensure that our distributors are trained and understand that it is nutrition science which forms the foundation of all Herbalife products.

Q.3. So does Herbalife guarantee that by using Herbalife products, one can stay healthy and fit?

A: We have never advocated this mindset. In order to stay healthy, one has to have a balanced diet and exercise. Our products supplement diets which are a source of healthy nutrition. There are protein shakes, vitamins and energy supplements which help in the overall wellbeing of individuals. However, relying completely on supplements to stay healthy is not a recommended option. Exercise is an inevitable factor to stay fit and healthy. Thus a balanced approach of both protein rich food and exercise will ensure that one will stay fit and healthy.

Q.4. Herbalife sponsors so many Indian sports personalities? Why?

A: Sports and Fitness are synonymous of each other. By sponsoring our athletes we are trying to reinforce and send out a strong message to the masses to adopt healthy and active lifestyle. Our brand personalities are talented athletes who are excellent in their field of sports and by sponsoring them we are only helping them achieve their goals. Herbalife is endorsed by a host of athletes like Virat Kohli, Saina Nehwal, Mary Kom, Dipika Pallikal, Somdev Devvarman and H.N Girisha.

Herbalife feels proud and privileged to be associated with these youth sport icons who have made the nation proud in the global sports arena. These sports personalities have been actively supporting our global mission to bring good nutrition and spread awareness about healthy, active living to the masses in India with a strong focus on young India.

Q.5. Apart from sponsoring Indian athletes, what are Herbalife's other social contributions in India?

A: Herbalife cares about the wellbeing of the community we operate in.. Our global non-profit organization – **Herbalife Family Foundation** (HFF) works in communities around the world partnering with charity organizations to help meet the nutritional needs of children at risk. This initiative was introduced by Mark Hughes in 1994. HFF's flagship **Casa Herbalife program** was introduced in 2005 and supports existing charitable organizations that are changing children's lives. The Herbalife Family Foundation (HFF) recently announced providing a grant to the **Smile Foundation**, a national development organization that works towards the education and healthcare of less privileged children and youth. T**he grant will establish a Casa Herbalife program and will provide nutritional food to 3000 children across India as part of Smile Foundation's 'Mission Education' program.** The cooperation with Smile Foundation marks the start of the second Casa Herbalife program in India after the **SOS Children's village** in India.

HERBALIFE.

Nutrition for a better life.

Heavenly: *The lobby area of an apartment complex designed by Starck*

Designed to Please: Some branded luxury residential projects and their prices

YooPune – The Philippe Starck-designed residences at this Panchshil Realty project are priced at ₹8.5 crore onwards.

The World Towers – Designed by Armani/Casa, the Lodha Group project will have mansions likely to be priced around ₹100 crore.

Trump Towers – The Matteo Nunziati-designed residences at this Panchshil project will cost around ₹12 crore.

Visionnaire Villas – These villas by BPTP are designed by Visionnaire by Ipe Cavalli and are priced at ₹5 crore onwards.

Donald J. Trump's eponymous brand. The company roped in Italian designer Matteo Nunziati for the project. Scheduled for completion in 2015, the project boasts 44 luxurious condominiums of 6,000 square feet each at a price tag of ₹12 crore. Each residence will have a private home theatre, among other facilities. The project will also have an art gallery showcasing contemporary art, private collections and exquisite jewellery, for its residents.

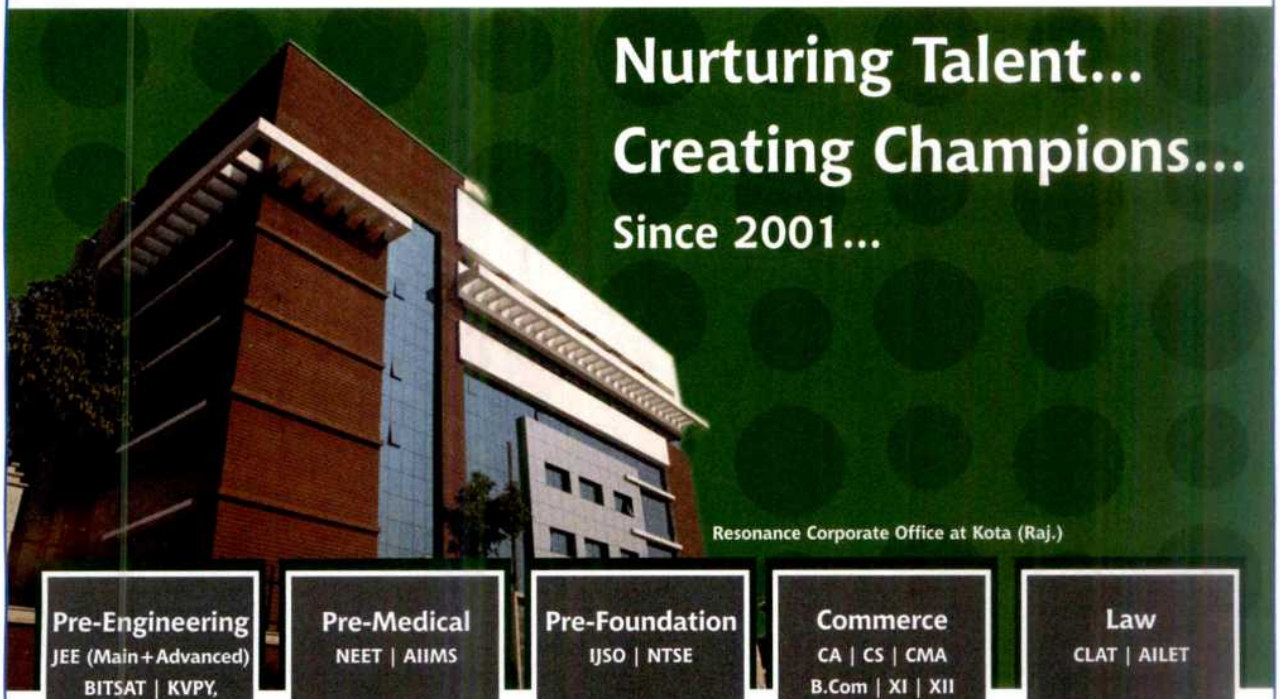
In the National Capital Region, Supertech has roped in Armani/Casa for a project in Greater Noida while BPTP has tied up with Italian design house IPE Cavalli to develop the Visionnaire Villas in Gurgaon. In Mumbai, the Lodha Group is building the 23-acre Lodha Evoq in collaboration with Starck. The developer has also joined hands with Armani's interior design division Armani/Casa for the World Towers project in Mumbai where mansions will cost as much as ₹100 crore.

Branded luxury residences are attractive for the exclusivity they offer prospective buyers. There are only a handful of developers who can make the financial and execution commitments to make such projects a reality. Will this niche segment continue to grow? Anuj Puri, Chairman and Country Head at property consultancy Jones Lang LaSalle India, says the segment caters to a limited number of buyers. It is also facing challenges in finding land parcels in high-prestige locations and getting the right brands to come on board. "The latter is not an easy task, as international designer labels have very high brand standards which a proposed project must demonstrably be able to live up to."

The writer is Assistant Editor, Robb Report India

The Most Innovative Institute

Resonance
Educating for better tomorrow



Pre-Engineering
JEE (Main+Advanced)
BITSAT | KVPY,
OLYMPIADS

Pre-Medical
NEET | AIIMS

Pre-Foundation
IJSO | NTSE

Commerce
CA | CS | CMA
B.Com | XI | XII

Law
CLAT | AILET

Programs
Classroom
Distance Learning
e-Learning
Pre-Foundation

Classes
7, 8
9, 10
11, 12
& 12+

PAN India Presence
18 Study Centers
5 Integrated School Tie ups
8 Live Video Learning Centers
29 Test Centers

Success @ Resonance

- **JEE (Advanced) - 2013 :** Highest Selections from any Institute of Kota
  Total Selections: 3003 (Classroom: 1865 | Distance & e-Learning: 1138)
- **JEE (Advanced) - 2013: 6** All India Ranks (AIRs) from Classroom in TOP-100: 11, 28, 29, 51, 90 & 96
- **JEE (Main) - 2013:** Highest Selections from any Institute of Kota
  Total Selections: 15240 (Classroom: 10815 | Distance & e-Learning: 4425)
- **NEET/AIPMT - 2013: 595 Selections** (Classroom: 422 | Distance & e-Learning: 173)
- **AIIMS - 2013: 10 Selections** (All are from Classroom Programs)
- **2,20,000+** students mentored between 2001-02 to 2012-13
  (Classroom: 1,50,000+ | Distance & e-Learning: 70,000+).
  39000+ students enrolled in Academic Session 2013-14 till date.
- **14953** Selections in JEE (Advanced)/IIT-JEE between 2002 to 2013
  (Classroom: 9548 | Distance & e-Learning: 5405)
- **125** All India Ranks (AIRs) in TOP-100 of JEE (Advanced)/IIT-JEE in GEN Category (Classroom: 62 | Distance & e-Learning: 63)
- **65240** Selections in JEE (Main)/AIEEE between 2002 to 2013
  (Classroom: 45815 | Distance & e-Learning: 19425)
- **1000+** NTSE Scholars, **349+** KVPY Fellows & **22 Medalists (Gold/Silver/ Bronze)** in International Olympiads since 2007

Resonance Eduventures Pvt. Ltd.

CORPORATE OFFICE: CG Tower, A-46 & 52, IPIA, Near City Mall, Jhalawar Road, Kota (Rajasthan) - 324005
Reg. Office: J-2, Jawahar Nagar Main Road, Kota (Raj.) - 324005 | **Tel. No.:** 0744-3192222, 3012222, 3022222 | **Fax :** 022-39167222, 0744-2427144
To Know more: sms RESO at 56677 | Toll Free : 1800 200 2244 | contact@resonance.ac.in | www.resonance.ac.in
facebook.com/ResonanceEdu twitter.com/ResonanceEdu www.youtube.com/resowatch ResonanceEdu.blogspot.com linkedin.com/in/ResonanceEdu

THE DISCREET CHARM OF OFFBEAT INVESTMENTS

***The super-affluent in India are looking beyond traditional investment avenues for superior returns and that dash of exclusivity, says* Govind Dhar**

India's Ultra High Net-worth Individuals (UHNIs) have moved beyond humdrum traditional investment avenues. Once invested in little more than brick and mortar, shares, debentures and gold, they are now looking at relative rarities that promise the fizz, pop and bang of exclusivity, as well as adventure. Investments in art, fine wine, luxury estates and other treasure assets – as they are called – can be as exciting as they are daunting.

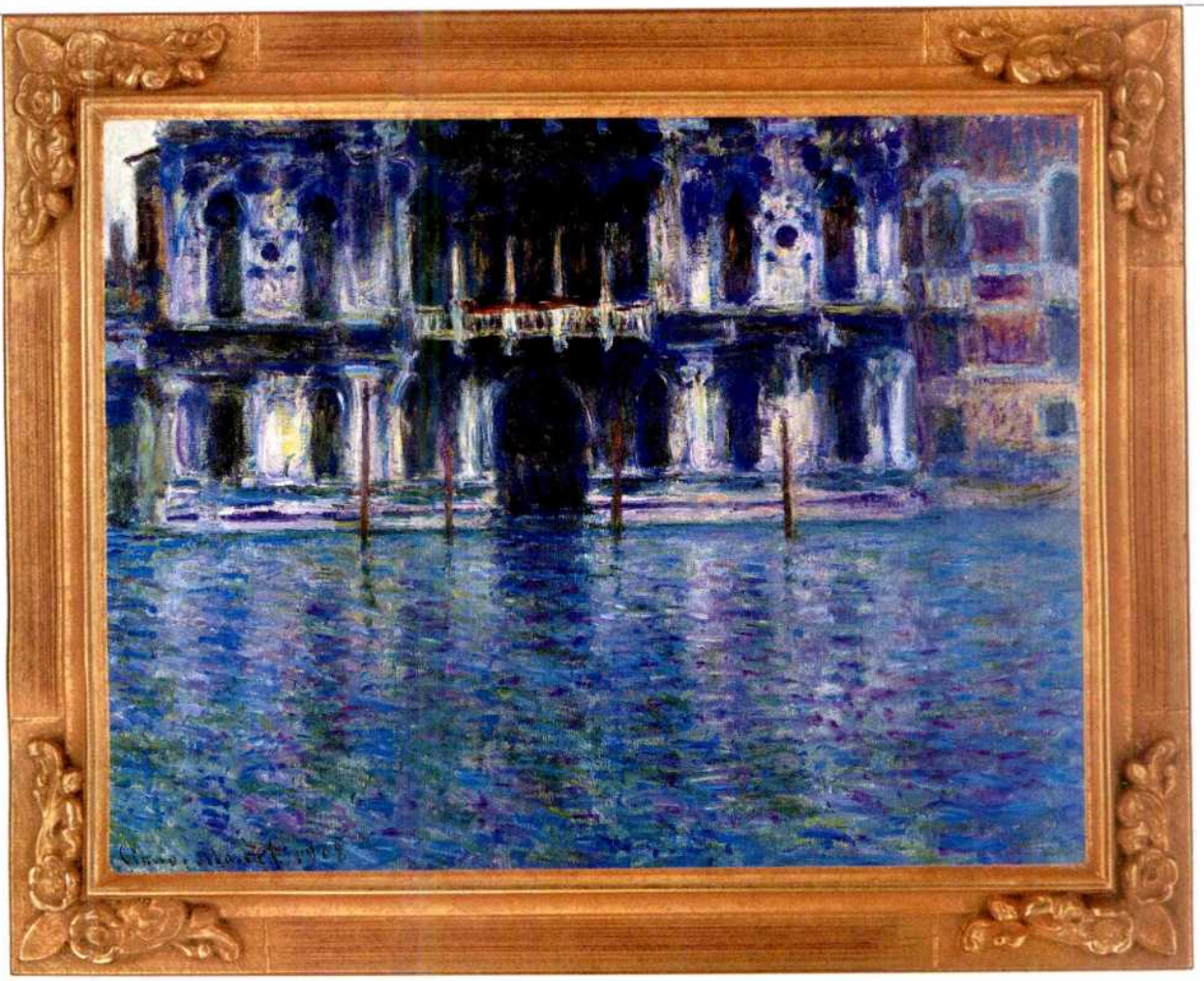
Art

There is no dearth of Indians looking to buy their first M.F. Husain or S.H. Raza. But after the 2008 economic crisis, India's art market has not rewarded investors. Indian contemporary artists collectively earned 22 per cent less in March sales this year at worldwide auctions over a year earlier, according to ArtTactic, a London-based art market analysis firm. Indeed, Indian art is no more the charmed conversation-starter it used to be. Is it time Indians began adding Picassos and Monets to their collections?

Indian clients are becoming an increasingly powerful force in the art market

Yamini Mehta, Sotheby's International Director for Indian and Southeast Asian Art

"Traditionally, Indian buyers concentrated on their own artistic heritage, but they are now venturing into other areas of the market, including international contemporary art, impressionist and modern art and old master paintings," says Yamini Mehta, Sotheby's International Director for Indian and Southeast Asian Art. "Indian clients are becoming an increasingly powerful force in the art market. In the



Big bucks: *(above) Claude Monet's* Le Palais Contarini, *1908, fetched a staggering £19.7 million at Sotheby's in June this year; (left) a V.S Gaitonde 1962 painting raked in £698,500 at Sotheby's, also in June*

last year alone, we have seen a 42 per cent increase in their spending at Sotheby's sales globally."

Global auction house Sotheby's helps artist-clients sell or exhibit collections. "Building relationships is an important part of our business. This might include proactively seeking out key pieces both at auctions and privately, giving guidance on transacting at international auctions, offering bidding advice, providing collection services and shipping," says Mehta.

There are, however, pitfalls with investing in art. Paintings aren't easy to liquidate in a hurry. Also, following a trend could prove unfruitful. "Your primary consideration when buying art should always be whether you love the work or not, rather than whether you believe it will appreciate. Buying from a reputable auction house adds value over time because that adds to the history of the work. It is something that your grandchildren will thank you for," says Mehta.

The upside of working with experts? In March, Sotheby's New York sold a part of Amrita Jhaveri's collection entitled the Amaya Collection, featuring M.F. Husain, Tyeb Mehta, F.N. Souza and others. Sotheby's garnered $7 million at the sale, while four of the artists sold at prices higher than they had ever done before.

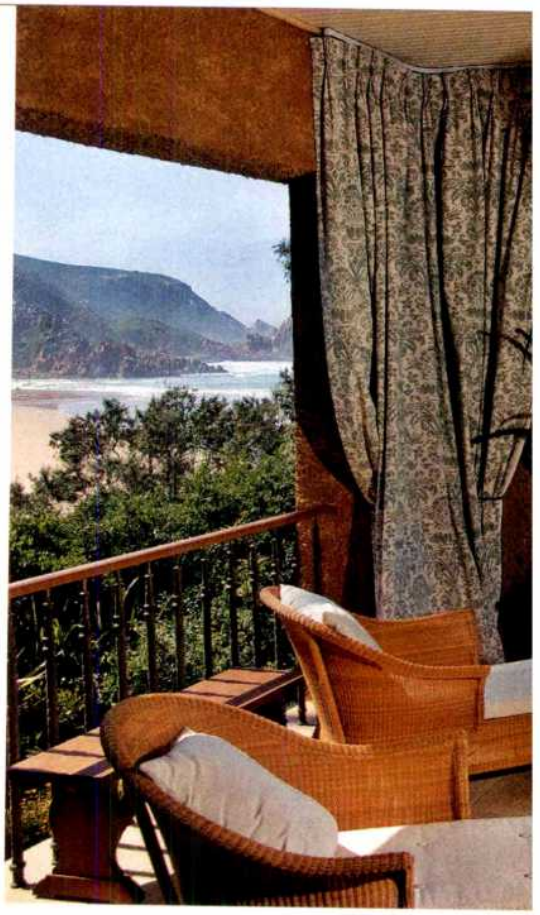
Wine

Fine wine continues to hold its own as an absurdly-priced luxury. As for investing in it, experts say it's worth taking a punt on if you're already secure. "Wine is a low-risk and stable investment," says Robin Khanna, Managing Director of Bordeaux Traders, a fine wine investment consultancy. He prefers an initial investment of ₹10 to 15 lakh in wine and a holding period of at least 18 months. Khanna, an Austrian of Indian origin, has worked at some of London's top wine brokerages. In 2009, he started his own venture Bordeaux Traders and today has clients in the US, Canada, the UK, France, Germany, Switzerland, India and China. "There's a lot of interest in this area from emerging economies, but India is only just beginning to get involved," says Khanna. He notes that some of his clients have seen double- and even triple-digit returns on portfolios maintained for 12 to 24 months.

"Indians have been investing in fine wines as a hedge against investments in equities and commodities," adds Khanna. Bordeaux Traders even offers wine futures to clients willing to take a little more risk. "So far the Indians we've dealt with were very keen to understand this market, the risks, and they were very, very careful with their money." The downside in wine investment? In the US and Europe, profits on wine trading are not taxed, but in India they are. Bordeaux Traders charges 3.5 per cent on initial investment, and another two per cent on annual portfolio value. It then takes care of everthing – buying, advising, insuring, transporting, etc. It also takes a 20 per cent cut on the profit when a portfolio is liquidated. "The best we've got so far was from a shipping family in India. It put in $150,000," says Khanna.

Indians have been investing in fine wines as a hedge against equities and commodities

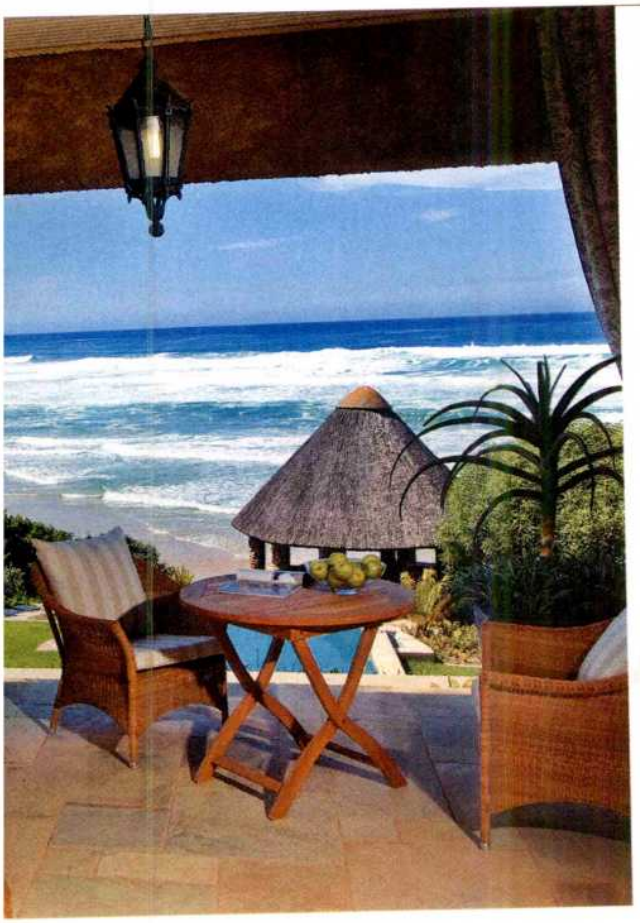
Robin Khanna, Managing Director, Bordeaux Traders



Real Estate

In luxury estates, the Indian super rich have been investing globally. Penny Mosgrove, Managing Director of the global concierge services company Quintessentially Estates, says that Indians tend to favour London along with destinations in the Indian Ocean and the Maldives. "We specialise in finding properties for clients who aren't on the open market," she says. "It is a very discreet service and clients can then keep their purchases under the radar. Typically, Indians invest between £1.5 million and £4 million on investment properties. Generally, we advise clients to hold properties for a minimum of five years to make sure they get an excellent return on their investment."

Many affluent Indians see London as a safe haven for their investments. "London is synonymous with UHNIs looking to add to their property portfolio or have a luxury home in the city as part of a lifestyle choice," says Ila Amba, Head of the South Asian Desk at real estate firm Knight Frank, London. "The majority of our business at the South Asia Desk derives from India." Amba says Indians prefer central London. In prime central London, property rates can vary from £500,000



Three views of the Pezula Private Castle : *One of the most exclusive properties in the world, located on the Noetzie Beach in South Africa*

to £150 million for houses or flats ranging in size from 400 sq.ft. to 45,000 sq.ft. "Regardless of age, Indians always look for appreciation on their investment and keep their properties for three to six years," says Amba.

Generally, we advise clients to hold properties for a minimum of five years to get an excellent return on investment

Penny Mosgrove, *Managing Director, Quintessentially Estates*

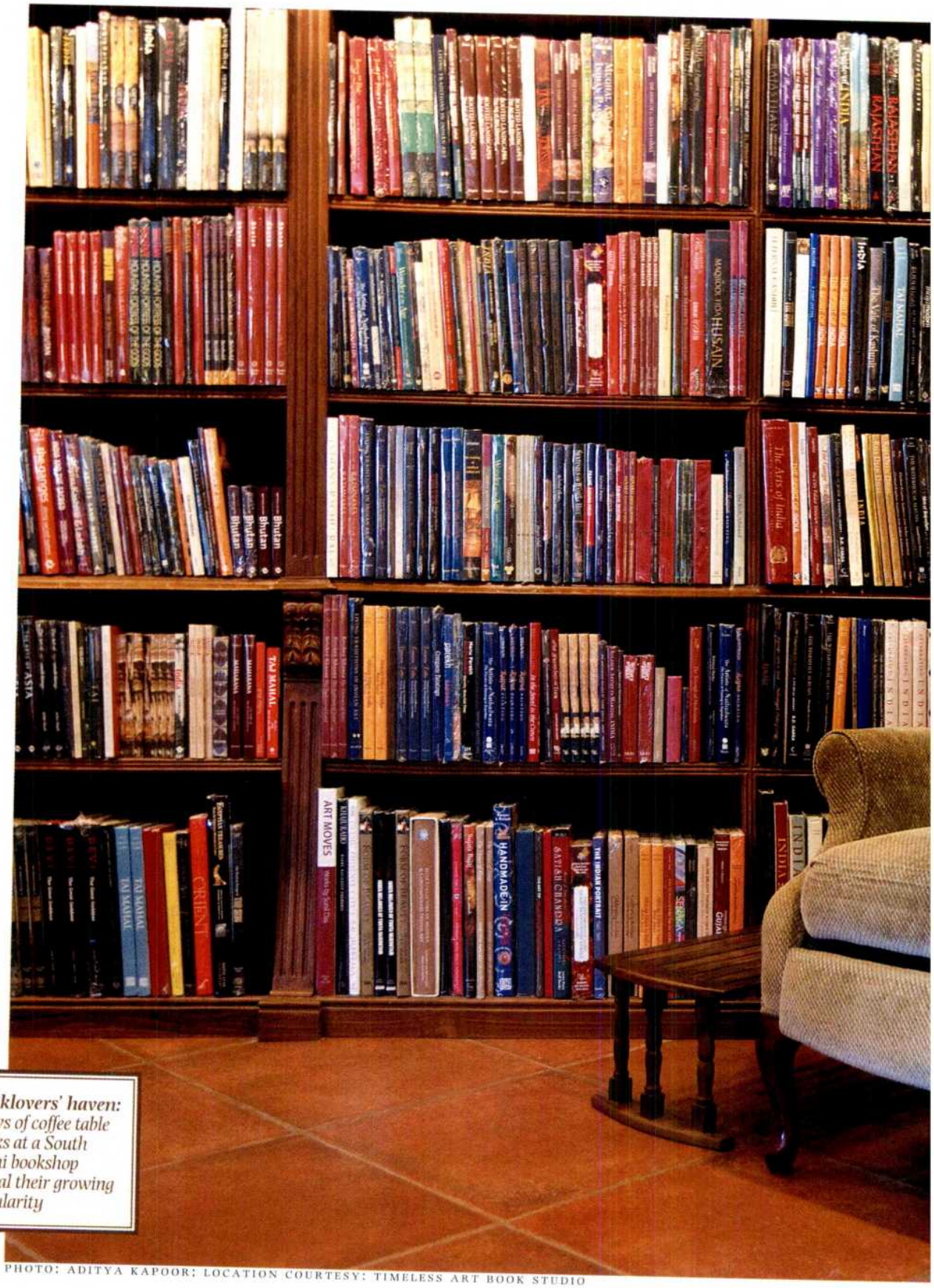
Other Treasure Assets

"The wealthy in India hold or seek treasure assets such as jewellery, fine art, classic cars and antiques," says Emmanuel Balayer, a Mumbai-based luxury consultant. Balayer says that they "might not cost the earth, but you have to find them." Experts such as Balayer are much sought after by the well heeled – be it to provide haute couture for a wedding or supply prized cases of cognac. Their help is sought while making treasure investments, too. "One Delhi-based UHNI wanted to create the perfect cellar and invested €400,000 in rarities and collectibles immediately. Only a select few stocks of specific vintages will appreciate in value over time, and our specialty lies in picking the right stocks at the right time," says Balayer.

The wealthy in India hold or seek treasure assets such as jewellery, fine art, classic cars and antiques

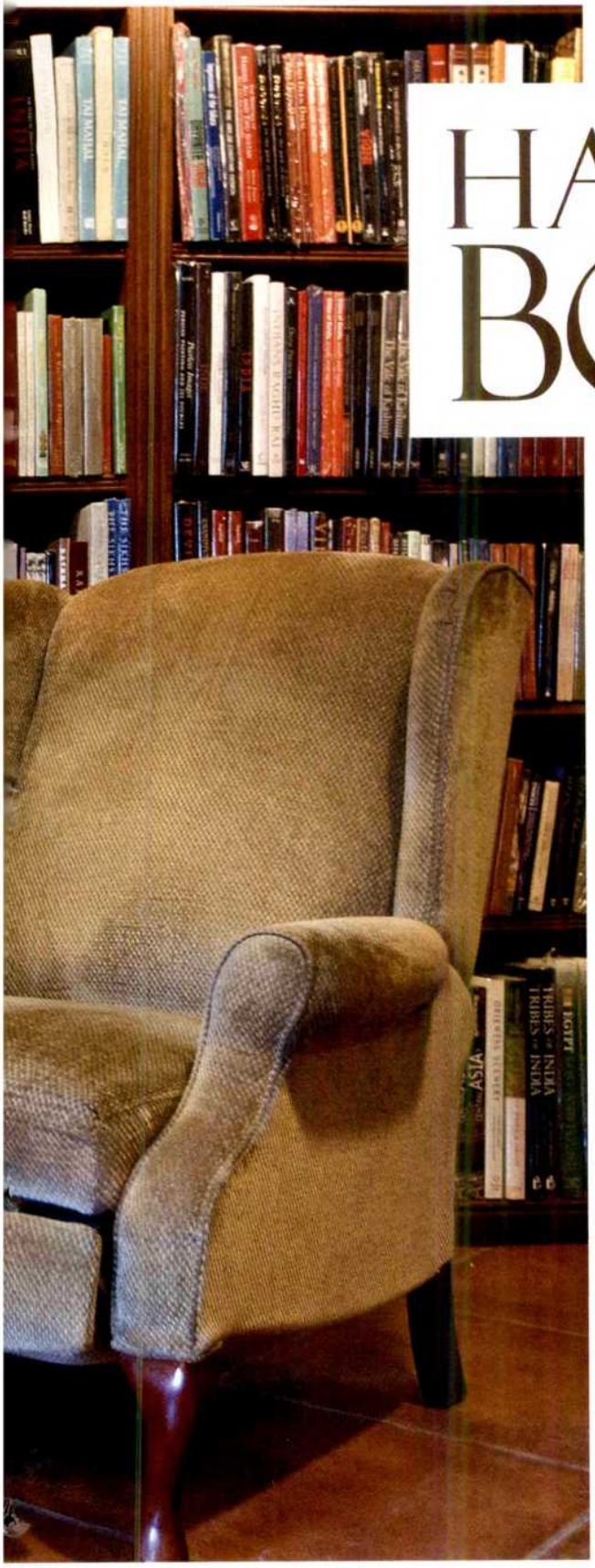
Emmanuel Balayer, *luxury consultant, Mumbai*

The author is former Executive Editor of Robb Report India *and writes on luxury, arts and culture for publications in India and West Asia*



Booklovers' haven: *Rows of coffee table books at a South Delhi bookshop reveal their growing popularity*

PHOTO: ADITYA KAPOOR; LOCATION COURTESY: TIMELESS ART BOOK STUDIO

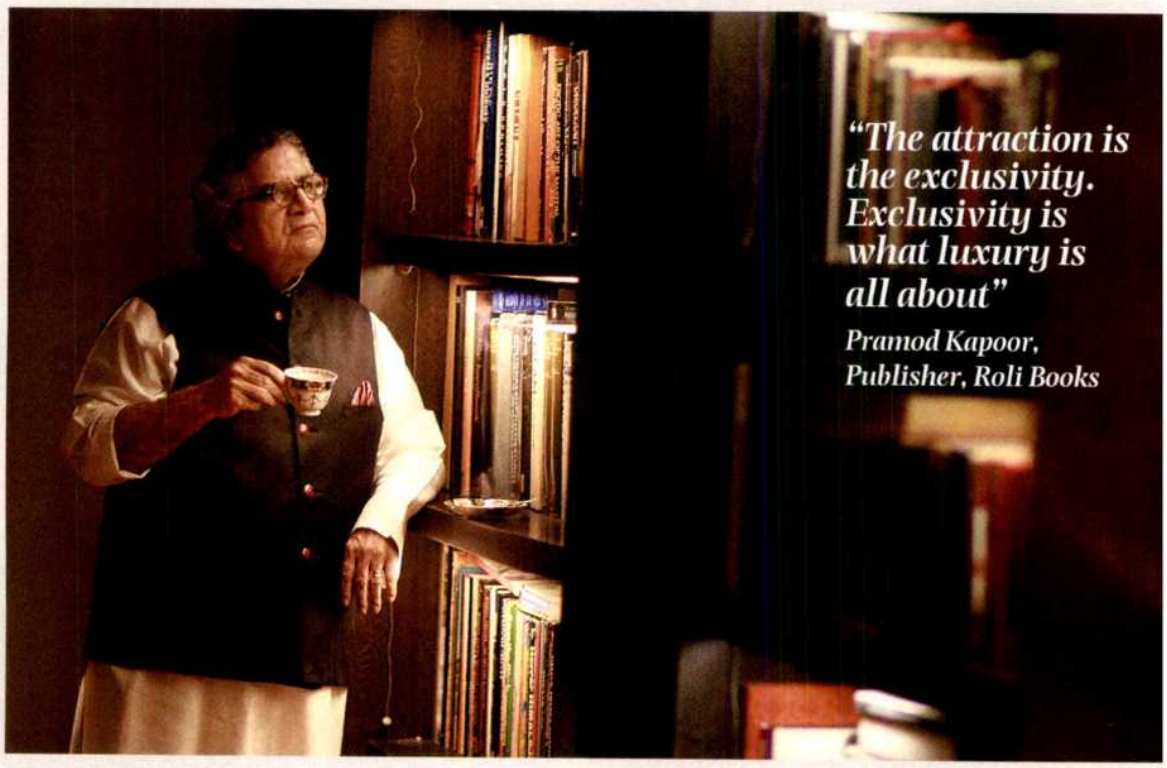


HAUTE BOOKS

***Both coffee table and limited editions books are gaining in popularity, says* Debashish Mukerji**

In a country where the average print run of a new book, usually priced between ₹150 and ₹500, is 2,000 copies and books selling over 10,000 copies are considered bestsellers, why would a publisher want to bring out volumes costing ₹4,000 or more? Not surprisingly, most leading publishers of the country shun such endeavour, but one who has boldly forayed into this territory and lived to tell the tale is Pramod Kapoor, publisher of the Delhi-based Roli Books. "In 1981, just three years after our company began, we published our first coffee table book, *Ladakh*, priced at ₹500," he says. "It consisted of photographs from that region by the Bedi brothers, renowned photographers Rajesh and Naresh Bedi."

The latest coffee table book published by Roli Books, *Under the Desert Sun*, comprising once again, curiously enough, photographs by Rajesh Bedi, this time of Rajasthan's picturesque landscapes, costs ₹3,995. Kapoor has acquired a reputation as a publisher of such books and fully intends to step up his efforts – there are five such slated for publication in 2014. "The economics of such publishing is slightly different from that of the average book," he says. "If I can sell 3,000 to 4,000 copies of a coffee table book priced between ₹4,000 and ₹7,000 within 18 to 24 months of publication, I break even. The profits start if the book goes into reprints. If such books don't have reprints, they are flops." Most of them, he maintains, are indeed reprinted.



"The attraction is the exclusivity. Exclusivity is what luxury is all about"

Pramod Kapoor, Publisher, Roli Books

ADITYA KAPOOR

In fact, since last year Kapoor has gone a step further, bringing out 'limited editions' of some of the coffee table books – a concept common enough in the West, but hardly ever ventured into by Indian publishing. Limited edition books cost several times more. "We have taken 200 copies of *Under the Desert Sun*, put each one in a beautifully designed fibreboard case, and will be selling them for ₹20,000," he says. Last year, he did the same with *Delhi 360: Mazhar Ali Khan's View from the Lahore Gate*, a study of an extraordinarily detailed and accurate painting which provides a panoramic view of Delhi in 1840. The original lies in the British Museum in London; a reprint adorns Kapoor's office.

"I printed only 100 limited edition copies and sold them easily in India and Paris for ₹1 lakh each"

Ritu Beri, Fashion Designer

"The coffee table version sold for ₹1,295," sa Kapoor. "But we also sold 125 limited edition copi priced initially at ₹15,000 each. And because this wa limited edition and there would be no reprints, we we able to raise the price to ₹20,000 as copies began dwi dling. The last few copies sold for ₹40,000 each."

The Indian record for publishing the costliest boo however, rests not with Kapoor, but with leading fashi designer Ritu Beri, who in 2006, privately published t story of her life *Firefly: A Fairytale* at ₹1 lakh a cop "Penguin India asked me to write the book which I di but when I saw their final version, I was a bit disa pointed," she says. "So I redid it and decided to publi it myself." But why price it so high? Beri is reluctant say. "I printed only 100 limited edition copies and so them easily in India, as well as in Paris through the Lou Vuitton store on the Champs-Elysées," she adc However, hers remains a one-off effort.

Limited edition books published overseas, many which are distributed in India by Roli Books, can co even more, up to ₹3 lakh to ₹4 lakh per copy. The ma gins, naturally, are handsome. But why would anyo buy books at such a staggering cost, when a cheap version is available? "The attraction is the exclusivity says Kapoor. "Exclusivity is what luxury is all about."

MOVE TO THE NEW CHOWRINGHEE OF KOLKATA

Acropolis is a future-ready intelligent building with three levels of car park and massive seamless floor plates. Its on the Rashbehari - By-pass Connector. Acropolis is only thirty minutes from the Airport and ten minutes from the nearest Metro. Arrive in style and work at ease. This G + 20 megalith houses a premium lifestyle Shopping Mall in the first four levels along with a Four Screen Multiplex, Food Court and multiple fine dining restaurants. To top it all there is this business club with all health and wellness facilities on the top floor commanding breathtaking city scape views. Success parties, business conferences, private meetings - just go on - raise a toast !

PROJECT FEATURES

- Elevation: 3B+G+20 • Unit Size: 1200 sq.ft, onwards with a Floor Plate of 27000 sq.ft
- Car Parking : 700 (approx) • Ideal For : Corporate Offices, IT, ITes, BPO, KPO etc.

Now **Work**, **Play**, **Dine**, **Shop** and **Relax** at **ACROPOLIS.**

HIGHLIGHTS

- Business Club with Conference Rooms, Business Centre & Banquets, Business Lounge, Gym, Swimming Pool, Bar etc.
- The first 5 - Levels - Destination Mall with a 4 - screen Multiplex.
- Green Building Project certified by IGBC*

Merlin is all set to unleash a grand XXL experience in retail through Acropolis.

Prime Commercial offices / showrooms also available at Bhowanipore & Sector V
Premium & affordable Residential homes also available.

Shoppers Stop — Start Something New
Cinépolis India
got junctioned

MERLIN GROUP
Kolkata • Chennai • Ahmedabad • Raipur

Merlin Quality Assurance

"Merlin Oxford" 2nd floor, 22 Prince Anwar Shah Road, Kolkata - 700 033. Ph: +91-33-4015-4545
Fax: +91-33-4015-4500, sales@merlinprojects.com | www.merlinprojects.com

For further details call : Vishal @ 98307 46363

BIG BRAND THEORIES

Authors of three books which discuss the Indian luxury market tell **Debashish Mukerji** *it is not an easy nut to crack*

It was something that intrigued Radha Chadha no end while she worked in Hong Kong as Chief Strategy Planner for global advertising agency Bates in the late 1990s. "Girls in the office would go out in the lunch hour and return with a pair of Prada shoes or a Louis Vuitton bag," she says. "Many of them were relatively junior staff earning much less than I did. Yet they were buying these wildly expensive branded products which I, with my Indian sensibilities, wouldn't dream of doing."

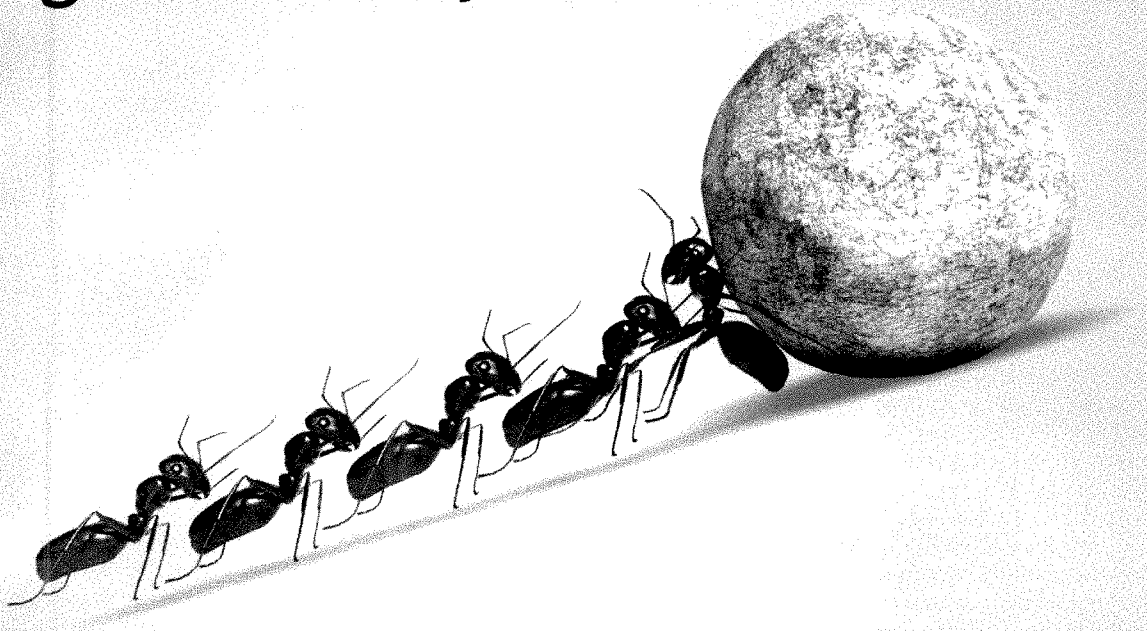
She decided to explore the paradox more closely. The result was *The Cult of the Luxury Brand: Inside Asia's Love Affair with Luxury*, written in collaboration with planning and development consultant Paul Husband, published in 2006. Though it devotes just one chapter to India, and was published when the Indian luxury market was far less developed than it is now, it is invaluable for its comparison of the the Indian response to luxury to that of other Asian markets. "Almost all other Asian countries have blindly followed the West as they became

"Doing business in India is more difficult than in most other Asian countries because of the high level of ambiguity in rules and regulations"

Radha Chadha, *Co-author,* The Cult of the Luxury Brand

Attention ! Service Tax Asseesees

Together Everyone Achieves More



A Nation is made, when Taxes are paid

SERVICE TAX VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME, 2013

For non-filers, stop-filers and incorrect return filers

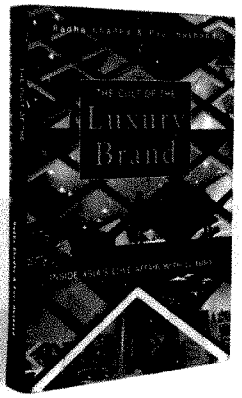
- Make a truthful declaration of pending Service Tax dues of last 5 years (Oct. 1, 2007 to Dec. 31, 2012).
- Pay at least 50% of Service Tax dues before 31 December, 2013.
- Pay remaining 50% of Service Tax dues by 30 June, 2014 or by December 31, 2014 with interest from July 1, 2014 onwards.
- On compliance with all the requirements, **get immunity from interest, penalties & proceedings.**

All Services are taxable

except those that are included in the negative list and exempted category.

CUSTOMS & CENTRAL EXCISE

www.cbec.gov.in, aces.gov.in, servicetax.gov.in



Provide the Ladder with Rungs

In India, there are the super-luxury brands like Chanel and Louis Vuitton and then there's a steep drop to a premium brand like Tommy Hilfiger. All the traditional bridge brands are still entering India, leading to a temporary price chasm that is far too wide for most Indians to jump across. As a result the usual process of graduating from a relatively inexpensive brand to a more expensive one, to an even more expensive one, until you finally plunge into the luxury category, is simply not there. It's like a jungle with a lion, a tiger and a few rabbits – the whole ecosystem has to be developed. Of course it's only a matter of time before this anomaly is corrected.

In the meantime, luxe brands can help provide rungs in the ladder in two ways. They can pull in customers to their lower price point items, the perfumes and lipsticks, the wallets and name-card holders, bringing them into the brand's embrace and then graduating them to more expensive items. Secondly, the opportunity for diffusion lines is significant, giving consumers the chance to work their way up from Armani Exchange to Emporio Armani to Giorgio Armani.

...India may be a luxury hinterland, but try selling last season's goods here and you won't find takers. Thanks to the presence of a well-travelled elite, luxury brands have been forced to bring in the latest range. The same goes for pricing: you have to be sensitive to the fact that Indians compare prices with London and Dubai, pet shopping destinations, and won't pay much of a premium. It's not the money, although that counts too, it's the mindset of seeking maximum value.

From *The Cult of the Luxury Brand: Inside Asia's Love Affair with Luxury* by Radha Chadha and Paul Husband, Nicholas Brealey International, 2006

richer, especially in matters of clothing," she says. "They all have their traditional apparel, which they abandoned as soon as they could afford to. But in India the mix remains, especially on formal occasions."

Serendipitously enough, it was in 2006 that Michael Boroian, co-author, along with Alix de Poix of *India by Design: The Pursuit of Luxury and Fashion*, first thought of writing on the luxury market in this country. Currently the Paris-based Managing Partner of Sterling International, an executive search firm specialising in luxury goods and fashion, Boroian has years of experience in luxury retail behind him, including that of being Chief Operating Officer of a Hermes subsidiary in the US. "In 1998/99, my firm was asked to recruit people for executive positions in luxury brands entering China," he says. "I discovered there was absolutely no information on the luxury retail scenario in China. I thought it would be a good idea to write a book on the subject, but no publisher I discussed the project with was interested."

But when he suggested a similar book on India some years later, the response was just the opposite. "By then the luxury market in China had exploded and publishers realised what an opportunity they had missed," he adds. "They enthusiastically agreed to a similar book on India." Published in 2009, *India by Design* is both a primer for international luxury brands seeking to enter the country – it includes a 'How to' guide, answers frequently asked questions and provides exhaustive lists of local partners for, and distributors of, global luxury brands – and a serious study of Indian history, demographics and culture to the extent these could impact the luxury market.

Clearly one book was not enough. Last year there appeared *The Luxury Market in India: Maharajas to Masses*, a collection of essays by a range of experts, covering issues similar to those addressed in *India by Design*, edited by Soumya Jain and Glyn Atwal. Jain is the Delhi-based Chief Editor and CEO of LuxuryFacts, an online luxury magazine begun in 2010, while Atwal is Professor of Brand Management at ESC Rennes School of Business, a leading French management school. "Atwal contacted me for help in compiling a book about the Indian luxury market and we eventually decided to edit the book together," says Jain. Her impetus for taking up the project was the same as that which led her to launch her magazine. "I felt luxury is not covered in India the way it should be," she says. "It is taken too flippantly, confined to the lifestyle sections, rarely focusing on contemporary market challenges or the history and heritage of luxury in this country."

LIVE MET SMART

sakura
japanese kitchen

chutney
bar + tandoor

ZING

CRAFT HOUSE

NeoVeda Spa

ART SPICE Gallery

Welcome to THE MET - the future of hospitality embedded with responsible luxury. No other address matches its unique blend of minimalist design, innovative technology and eco-friendly practices. Redefining excellence and exemplary service, the iconic New Delhi hotel reflects refined tastes and unsurpassed lifestyle of the elite travellers. The sensory experience of THE MET attests to its status as a modern New Delhi landmark and to stay here is truly an expression of privilege.

AWARDS WON RECENTLY

- **Best Luxury City Hotel** - Times Research Business Leadership Awards
- **Certificate of Excellence** (Sakura) – Tripadvisor
- **Certificate of Excellence** (NeoVeda Spa) – Tripadvisor
- **Business Management Award** (Craft House) – Global Business Corporation
- **Best Luxury Beauty Spa** (NeoVeda Spa) - World Luxury Spa Awards
- **Best Luxury Emerging Spa** (NeoVeda Spa) - World Luxury Spa Awards
- **Best Luxury Hotel & Spa** - World Travel Brands
- **Luxury City Hotel** - World Luxury Hotel Awards
- **Best Hotel in India** - International Hotel Awards Asia Pacific
- **Certificate of Excellence (The Metropolitan Hotel & Spa)** - Tripadvisor
- **Asia's Finest Restaurant (Chutney, Bar + Tandoor)** - The Miele Guide

GREAT HOTELS OF THE WORLD
LUXURY COLLECTION

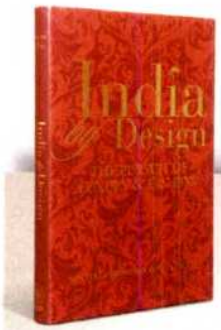
THE METROPOLITAN
HOTEL & SPA

Bangla Sahib Road, New Delhi - 110001, INDIA
T : +91 11 42500200 E : info@hotelmetdelhi.com
www.hotelmetdelhi.com

> ***"There has been some evolution on the luxury scene in India, many brands have come in, some have been successful, some less so. But India remains a very tough market to crack"***
> **Michael Boroian**, Co-author, India by Design

So how do the three perceive the luxury market i India? All agreed that the heightened interest of inte national luxury brands in this country was primari due to – as Boroian's own experience testified – th extraordinary success the brands had achieved in short span in China. But all three also felt that expec ing India to follow the Chinese path was naïv "Though the luxury market has grown in India sin my book was published, it has not done so as fast as could have," says Chadha. "China, beginning in th mid-1990s, grew much faster." Jain attributes th relatively sluggish pace in India to a difference in min sets. "In China, patronising luxury brands has muc more to do with showing off and flaunting one's statu than in India," she says. "The Indian consumer is mo thoughtful and far more price conscious."

Could it also be due to the global slowdown po 2008, which has drawn India too into its suffocatir embrace? Chadha believes that is possible, but Jai disagrees. "The kind of people who buy branded luxu goods in India are not those whose personal incomes have been affected by the downturn," she says.



Delhi versus Mumbai

From the newly rich who are still encumbered by the shackles of post-Independence austerity, and who prefer to invest in a foreign education than in the faux trappings of luxury brands, to the so-called 'butterflies' who are ready to shed their cocoon, the demands of the new consumer are far from uniform. Even the elite range from Bollywood glamour to subtle old money and anything in between.

Thus Louis Vuitton and other international designer brands are far more successful in New Delhi, with its more exhibitionist nature, than in Mumbai. Indeed, Zainab Nedou, formerly of World Luxury Council, says: "In Delhi, it's the bling factor that counts, and Louis Vuitton has become like Surf (a popular detergent) – everyone has it."

Certainly Delhi and Mumbai display different consumer reactions and buying patterns for luxury brands. Delhi is a media-led city where socialites make Page 3 displaying their recent acquisitions from trips to Gucci, Fendi, Prada and LV in Europe, or in India as the case may be. Mumbai, on the other hand, is a culturally confident city in which Bollywood and the advertising industry play a prominent role. Here, high street brands do well, as do watches and jewellery, the mainstay of luxury in India today.

From India by Design: The Pursuit of Luxury and Fashion *by Michael Boroian and Alix de Poix, John Wiley & Sons, 2010*

"We aim to provide energy security to the country"

FACETOFACE

DR. A.K. BALYAN
MD and CEO

Petronet LNG Ltd Managing Director and Chief Executive Officer Dr A K Balyan cannot hide visible excitement, exuberance and elation from his face as he shares his company's round-the-clock efforts on a war footing to ensure that its second 5 million metric tonnes per annum liquefied natural gas terminal at Kochi gets completed on the Independence Day.

■ Has Petronet LNG Limited (PLL) made all arrangements, including pipeline work, to commission its second LNG terminal at Kochi on 15th August?

Well, Petronet LNG Limited (PLL) is all set to achieve yet another milestone in its more than a decade old journey of fulfilling the energy needs of the country. The Kochi plant is mechanically complete, the equipment is in good condition, everything is in place. We have contracted the first commissioning cargo from RasGas, a well-known company in this area which has been supplying from long-term. We have arranged the ship for transportation, and tentatively, it should arrive on 11th of August. Though, it would take a few more days for us to make all other arrangements for operationalising the plant, we are racing against time to operate by the 15th of August, which would be proud moment for the team PLL.

■ Why is your terminal at Kochi going to be commissioned only at 10 per cent of its total five-million-tonnes-a-year LNG capacity?

It takes months to test the equipment. So, it does not matter whether we initially start with half a million capacity. Secondly, the pipeline network is a major constraint in India. The 4-5 pipelines that GAIL (India) Ltd is laying for Kochi to Mangalore, Kochi to Bangalore via Tamil Nadu are delayed. It would have tremendous impact on the scene because Mangalore and Bangalore and 3-4 districts in Tamil Nadu are the major consumers of natural gas. So, if the gas is not going there, we would be actually able to achieve a capacity utilisation of less than 10 per cent.

■ When will the Kochi terminal be able to operate with enhanced capacity utilisation to achieve optimum efficiency?

Coming to the timeline for higher capacity utilization, I would like to point out that we would have to wait as GAIL (India) Ltd has indicated that these pipelines may be ready only by 2014. At least, one of them, Kochi to Mangalore should be ready. We have requested GAIL (India) Ltd to expedite the work.

In India, we have a pipeline network of only 14,000 kms whereas in the US it runs up to 2.5 million miles. So, we cannot aspire to be a good gas market unless we have good pipeline infrastructure in place, which requires a policy initiative from the government-end.

■ Have you chalked out any expansion plans for Petronet's existing LNG terminal at Dahej in Gujarat? What is the quantum of investment that you have earmarked for it?

You are aware that we operated the Dahej terminal at over 100 per cent capacity. So, the Board has given approval to raise its capacity to 15 million tonnes. All pre project activities are underway and we hope to get environment clearances soon. The EPC contract shall be awarded soon thereafter and the terminal is expected to be ready with 15 million tonnes capacity by 2016. The second jetty is already under construction and shall be ready by mid 2014.

■ Does Petronet LNG have any substantial plans to reduce the country's dependence on natural gas imports and ensuring energy security?

For a country of over 1.2 billion people, assured supply of energy is critical for its development. Production of natural gas which is the emerging energy source of the total energy mix in the country is stagnating and not able to keep pace with the increasing demand. As a result India will depend on importing natural gas in substantial quantities in the long term. Petronet LNG Limited is creating adequate infrastructure at strategic locations in the country. Petronet LNG Limited is also bringing gas at affordable prices on committed long terms to assure sustained supplies to the consumer in the country.

■ What are the challenges that you foresee for Petronet LNG in streamlining its operations and expanding the existing capacities of its terminals?

The pricing of gas is a major issue. So, our attempt is to negotiate it and get the best prices thereby ensuring adequate supplies at affordable rates. The second challenge is many companies including some of our promoters are proposing to enter the LNG infrastructure business. There are proposals of more than a dozen LNG terminals to be set up in the country. We need to ensure that there is no ideating of such terminals in future and no infructuous expenditure is incurred.

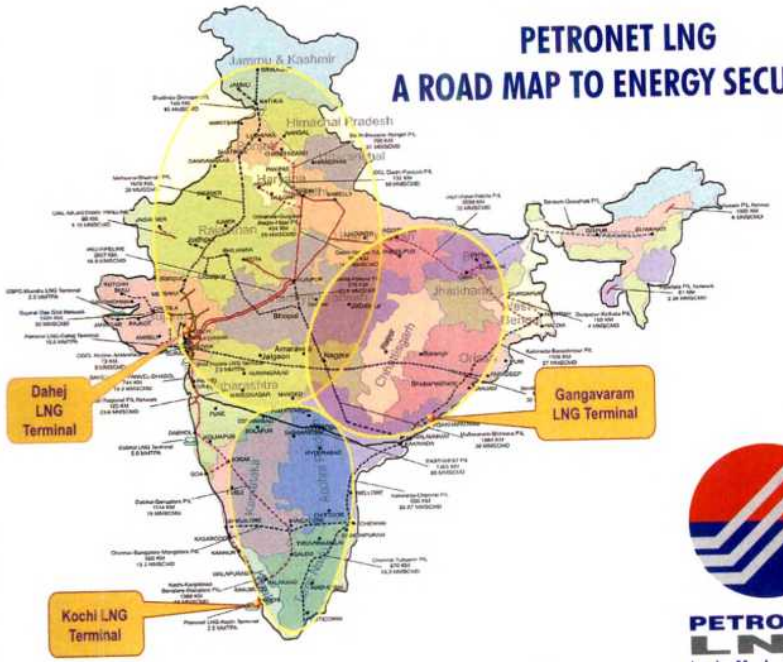
■ How do you look back at the major milestones that Petronet LNG has achieved since its inception in 1998?

It is a tremendous growth story and success story of Government of India initiative of creating a new entity in an new emerging field of LNG on a PPP model. From a first cargo in April 2004 company has today received 1065th cargo of LNG and has operated the Dahej terminal at over 100 per cent capacity. There is no looking back and the company is in an expansion mode.

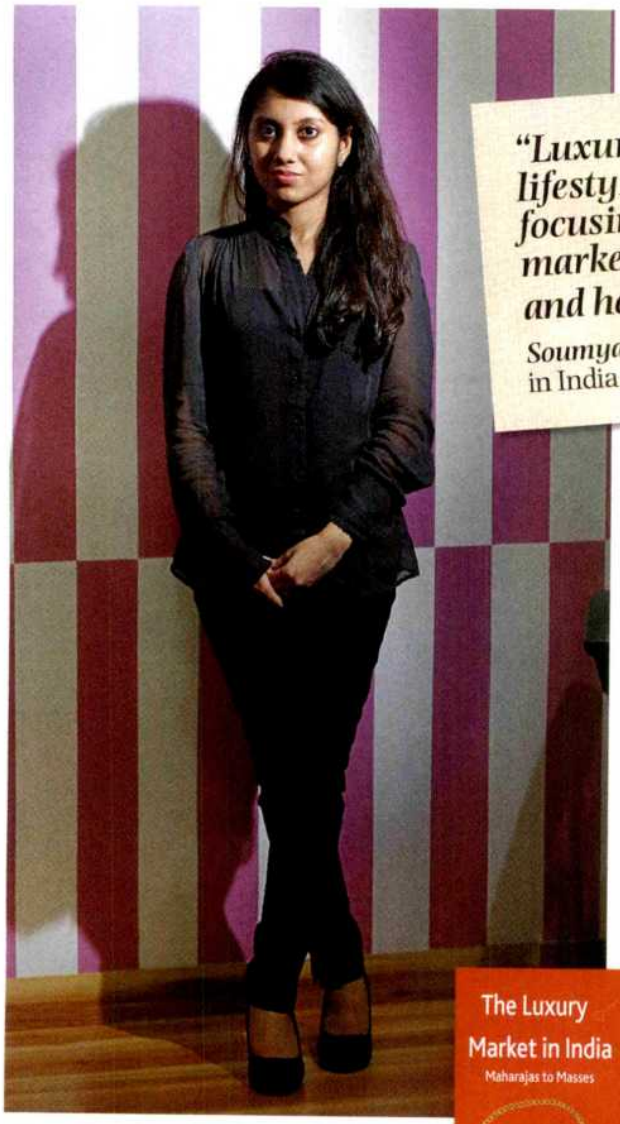
Petronet LNG Limited takes pride in creating a world class infrastructure and international safety standards. We have also received a letter of appreciation from United States Environmental Protection Agency (USEPA) declaring our LNG terminal to be almost emission free.

I take immense pride in saying that through our three strategically located terminals, we are capable of taking care of the increasing demands for natural gas and thus provide energy security to the country.

PETRONET LNG
A ROAD MAP TO ENERGY SECURITY

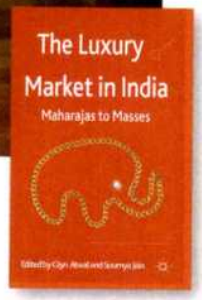


PETRONET LNG LIMITED



ADITYA KAPOOR/www.indiatodayimages.com

> *"Luxury is confined to the lifestyle sections, rarely focusing on contemporary market challenges or the history and heritage of luxury in India"*
>
> *Soumya Jain, Co-editor,* The Luxury Market in India



Boroian maintains that the downturn in fact gave global luxury brands an added impetus to try and crack markets like India's. "The financial crisis slowed growth in the developed markets and led the luxury brands to focus more on emerging markets," he says.

But there are other factors too retarding the growth of India's luxury goods market. The Indian mindset, with its emphasis on eschewing needless expenditure, the infrastructural shortcomings of the country, the high import duties for luxury goods, the restrictive property regulations, the likelihood of counterfeit products flooding the market, are all formidable hurdles. All agreed that the lack of infrastructure was a huge problem – all three books dwell at length on the absence of suitable retail space. "Luxury brands cannot set up shop just anywhere," says Jain. "They need high-end malls, and how many of these do we have? Just three – the DLF Emporio mall in Delhi, the UB City mall in Bangalore and the Palladium mall in Mumbai." The only alternatives are the shopping arcades of five star hotels, which many luxury brands are indeed utilising. But five star hotels also have the effect of intimidating and keeping away the wealthy, but not overtly sophisticated, customer.

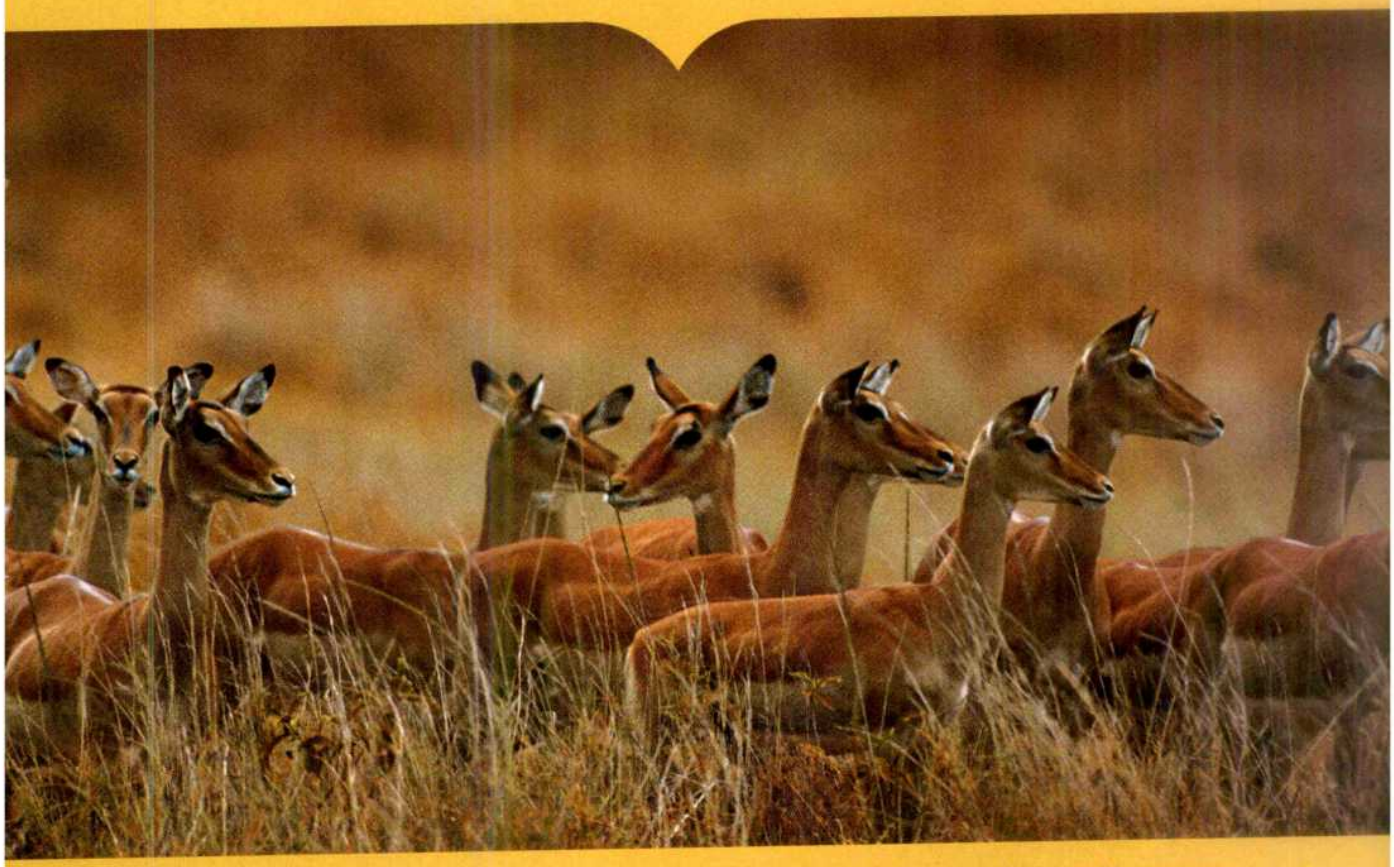
The books, however, also note the positives for the future of luxury brands – India's big, fat wedding tradition, the sizeable black money economy, the growth of the 'BPO generation' which unlike its predecessors is guilt-free about squandering money, the growing number of celebrity endorsements of luxury products which, company studies have shown, do promote sales. "Luxury brands have also been helped by the modification of some of the Indian government's import policies," says Boroian. "Earlier, many Indians who travelled abroad preferred to do their luxury shopping abroad too, as items were cheaper, but the lowering of duties has reduced the price difference."

Overall, however, the road ahead is unlikely to be smooth. "Luxury brands will have to be very patient in India," says Chadha. "Doing business here is also more difficult than in most other Asian countries because of the high level of ambiguity in rules and regulations." Boroian agrees. "There has been some evolution on the luxury scene in India, many brands have come in, some have been successful, some less so," he says. "But India remains a very tough market to crack."

Send your comments to editor.bt@intoday.com

LEISURE HOTELS
experience 'more'

OUTDOOR TRAINING PROGRAM



Leisure Hotels presents interesting venues for out-of-the-ordinary business conferences & corporate training programs. Picturesque destinations, all fully equipped with the latest state-of-the-art conferencing facilities combined with the best in Indian hospitality await you. At each of our resorts, you will find a panel of experts with customised and meticulous planning capabilities ready to make any event not just successful, but also an enjoyable and memorable experience for the participants. So, get ready. It's time to change the corporate rules a bit and take a few tips from Mother Nature.

CONFERENCE • M.D.P • O.M.D • TEAM BUILDING

Enjoy non-stop holidays* for next 25 years with your family and loved ones in India & Abroad to know more call us at 9818009849.
*T&C apply.

LEISURE HOTELS LIMITED • F 3/6, Ground Floor • Okhla Industrial Area • Phase I • New Delhi 110 020 • Phone +91 11 4652 0000 • Mobile +91 9810721323 • Fax +91 11 4652 0050 • Email info@leisurehotels.in • www.leisurehotels.in • **Mumbai** +91 99875 21405 • **Ahmedabad** +91 97254 39393 • **FOR RESERVATIONS CALL TOLL FREE 18001024652**

The Corbett Hideaway CORBETT
The Riverview Retreat CORBETT
THE NAINI RETREAT NAINITAL
Aranya SAFARI RESORT
Sun 'n' Snow inn Kausani
forrest RAJAJI NATIONAL PARK
THE MANOR KASHIPUR & BAREILLY

LUXURY FOR DUMMIES

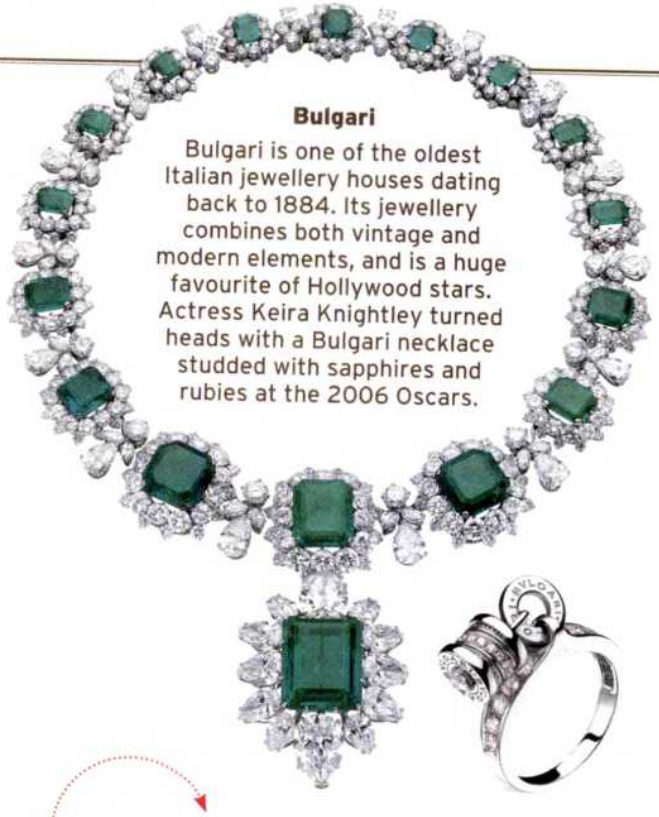
A crash course on the most popular labels and groups in the business. ***By Priyanka Misra***

LVMH

Paris-based LVMH Moët Hennessy Louis Vuitton sits right at the top of the luxury market. It has a portfolio of over 60 brands, including wines and spirits such as Dom Pérignon; fashion and leather goods such as Louis Vuitton and Fendi; and perfume and cosmetics such as Guerlain and Givenchy.

Fendi

The brand name Fendi is almost synonymous with fur. Although it is a big ready-to-wear and accessories label, its 88-year-old legacy of fur craftsmanship makes it a style statement among the rich and famous.



Bulgari

Bulgari is one of the oldest Italian jewellery houses dating back to 1884. Its jewellery combines both vintage and modern elements, and is a huge favourite of Hollywood stars. Actress Keira Knightley turned heads with a Bulgari necklace studded with sapphires and rubies at the 2006 Oscars.

Louis Vuitton

In 1852, French emperor Napoleon's wife hired Louis Vuitton as her personal box-maker. More than 150 years later, the brand launched by a farmer's son remains fit for a king while its signature monogram is an icon of style.

KERING

Kering, earlier known as Pinault-Printemps-Redoute or PPR, was a building materials company which entered the luxury business in 1999 with the purchase of Gucci. Brands under the Gucci portfolio include Yves Saint Laurent, now known as Saint Laurent Paris, Bottega Veneta, Boucheron and Balenciaga.

Bottega Veneta

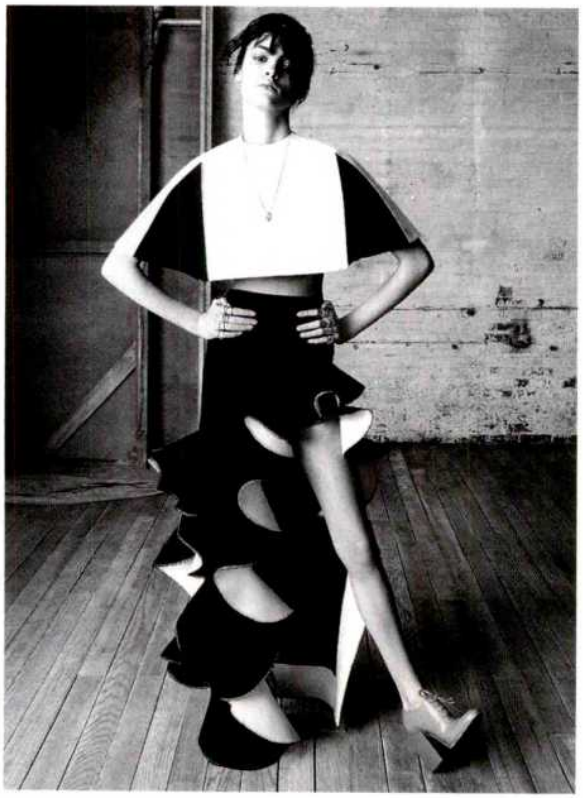
Italian luxury goods house Bottega Veneta began by producing artisanal leather goods. Today, it makes a host of products such as fine jewellery and eyewear, but is best known for its special leather-weaving technique, the *intrecciato*. Its most popular product is the Knot clutch, almost a symbol of the brand.

Gucci

It is easily the most popular luxury brand. The Bamboo Bag and Horsebit Loafer are the two most iconic designs from the label started by Guccio Gucci in the 1920s. The Horsebit's signature double-ring and bar are instantly recogniseable while its bamboo motif is a regular on its scarves, watchstraps and jewellery.

Boucheron:

The House of Boucheron has been crafting heirloom jewels for more than 150 years. Royalty from Queen Elizabeth to the Maharaja of Patiala and Queen Rania of Jordan have worn the French jeweller's pieces. The iconic Boucheron serpent, which goes back to the inaugural serpentine masterpiece created by Boucheron in honour of his wife in 1888, has inspired pieces throughout the history of the house.



Balenciaga

Traditionally, Balenciaga couture was best known for its clean and modern aesthetic. But since fashion designer Cristóbal Balenciaga opened his first store in Spain in 1918, the label's innovations have gone from balloon dresses to pillbox hats. Its most iconic accessory is the Motorcycle Bag.

Saint Laurent Paris

The brand was founded by French designer Yves Saint Laurent. Best known as the man who put women in trousers, Saint Laurent introduced the Le Smoking jacket and tuxedo suits for women. His use of androgynous models with gelled hair and three-piece suits gave women a lot more power.

SWATCH GROUP

The Swatch Group was formed in 1983 with the merging of two Swiss watch manufacturers – ASUAG and SSIH. It has 20 watch brands ranging from luxury names such as Breguet, Jaquet Droz and OMEGA to the more middle range Tissot and Calvin Klein labels. Its most basic range is under the Swatch and Flik Flak labels.

Jaquet Droz

Pierre Jaquet Droz, an 18th century Swiss watchmaker, once awed royalty with his enamelled musical watches. Today, brand Jaquet Droz produces watches known for their mechanical wizardy. The Bird Repeater with hatching eggs and a mother bird feeding baby birds is one example.

Mahindra LIFESPACES

A portrait of tranquility

Arrive at your own piece of pristine heaven.

Signature-styled luxury homes, planned with versatility.

Unwind, recharge, rejuvenate. Connect with your soul in tranquility.

L'ARTISTA

Sopanbaug, Pune

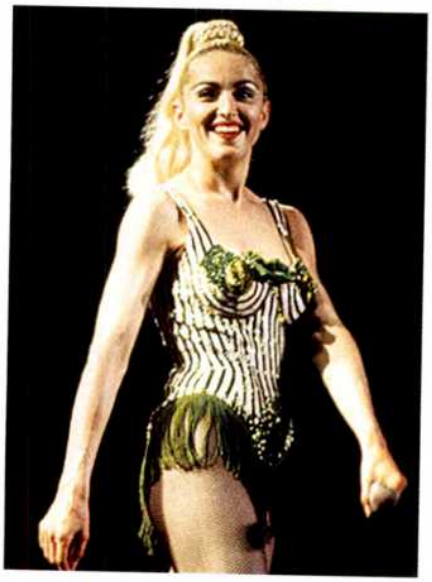
11 storeyed tower • Luxurious 3&4 BHK flats • World-class amenities • Terrace lounge

Contact: Devendra Singh - +91 90110 37235 | Email: lartista@mahindralifespaces.com | www.mahindralifespaces.com

*All images are artist's rendition

PUIG

Luxury firm Antonio Puig was founded in 1914 as a company dedicated to the cosmetic and fragrance sectors. In the 1940s, it began marketing Agua Lavanda Puig, one of its best-known products. It owns fashion brands Carolina Herrera and Jean Paul Gaultier, and fragrances from Prada and Valentino.



Jean Paul Gaultier

French designer Jean Paul Gaultier never received formal training as a designer, but creates some of the most unorthodox designs. Sometimes called the *enfant terrible* of fashion, his often rebellious aesthetic is best represented by his one of his most shocking creations: Madonna's cone bra.

RICHEMONT

Compagnie Financiére Richemont was founded in 1988 by Switzerland-based South African businessman Johann Rupert. The Richemont group is a specialist watchmaker with the largest market share in the luxury watch segment with brands like Baume & Mercier, Jaeger-LeCoultre, Piaget and Vacheron Constantin.

Jaeger-LeCoultre

The collaboration between founders Antoine LeCoultre and Edward Jaeger's watch-making companies in 1937 led to the creation of brand Jaeger-LeCoultre. It has registered approximately 400 patents, but is best known for perfecting the technology of the Atmos watch.

Independent Brands

Burberry Group

Burberry Group was founded by Thomas Burberry in 1856. The London-based house made its mark with gabardine, a water-resistant fabric used to make its most iconic product, the trench coat. Thomas Burberry added shoulder straps and metal rings to a coat designed for the British army – and the trench coat was born.

Jimmy Choo

Jimmy Choo is a Malaysian-Chinese designer based in London. His shoes are the ultimate name in glamour and are worn by top celebrities such as Nicole Kidman. His biggest contribution to the world of shoe chic remains the strappy gladiator with towering heels.

JUKASO

HOTELS • PALACES • RESORTS

10 Hotels |5 Upcoming*

BANDHAVGARH

CORBETT

DELHI

DHARAMSHALA

GASTHOF SCHONEGG - SWITZERLAND

GURGAON

HARDER MINERVA - SWITZERLAND

PUNE

VARANASI

VISAKHAPATNAM

Just Like Home !

E: reservations@jukaso.co.in T: 91-124-4082000 W: www.jukaso.co.in

*Bengaluru Bhiwadi Kathmandu Neemrana Sarnath

Chanel

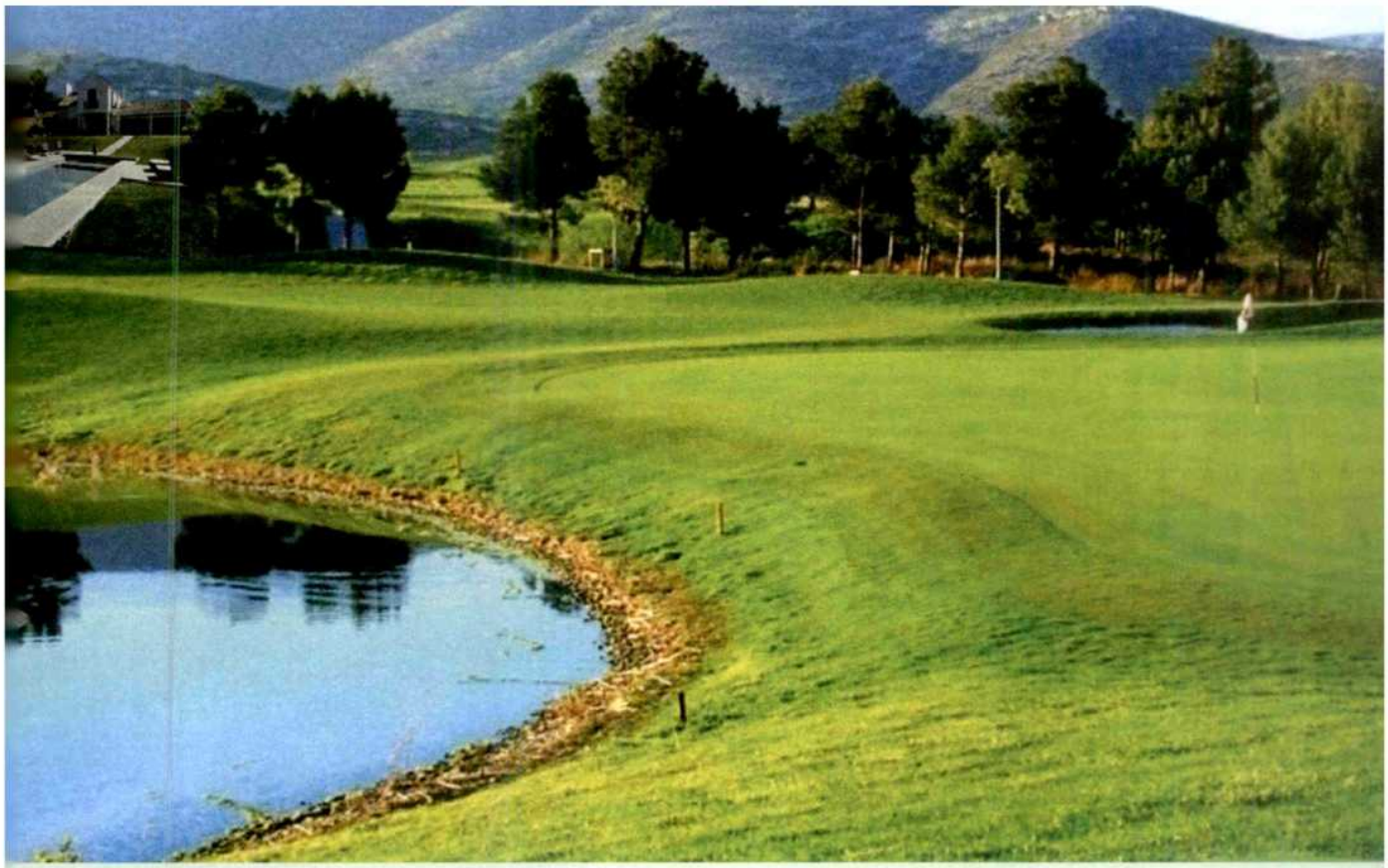
The French brand was founded by Coco Chanel in the early 20th century. The brand specialises in pricey haute couture outfits, ready-to-wear clothes, fashion accessories and perfumes. The House of Chanel is best known for the Little Black Dress, a staple for women around the world, and twin skirt-suits in tweed.

Valentino

Italian fashion designer Valentino Clemente Ludovico Garavani founded the storied brand in 1960. The brand's iconic red gowns, in a shade known as the Valentino red, have been flaunted on the red carpet by many Hollywood celebrities including Audrey Hepburn, Sophia Loren, Liz Hurley and Anne Hathaway.

Christian Louboutin

Famous shoe designer Christian Louboutin opened his first shop in 1991 in Paris. By 2012, he had 42 boutiques globally selling around 600,000 pairs annually. The Louboutins work like a charm on the red carpet and many stars order custom-made shoes, the most recent being Bollywood actor Sonam Kapoor.



DEFENCE CITY - A MEGA TOWNSHIP

Located amidst nature Defence City Pune is a premier township, comprising villas, bungalows, high-rise apartments and IT-SEZ, spread over sprawling 223 acres. Designed exclusively for Defence officers and elite entrepreneurs it is an abode where luxury, privacy and nature co-exist in perfect harmony and abundance. This revolutionary self-contained township embodies the lifestyle you always wanted. Being developed near the Pune Airport in the upcoming Wagholi area, the township is surrounded by lush green hills and the Indrayani River.

Having world class amenities, the township is proposed to be provided with 9 Hole Golf course , River side beach and resort, boating club, mountain adventure sports, jogging tracks, indoor games, club house and much more.

The township will have Hi-tech security, Wi-Fi connectivity, Educational institutions, Commercial and Shopping complexes, Entertainment and Medical facilities.

Come - Live amidst the nature at Defence City!!

DCD

TRUST AND FAITH

DEFENCE CITY DEVELOPERS PVT LTD

401 A, 4th FLOOR, GERA 77, NEAR RAMWADI OCTROI NAKA, KALYANI NAGAR, PUNE – 411006 TEL: 020 66007777

Email – info@defencecity.com / defencecitypune@yahoo.in

Website – www.defencecity.com

Versace

One of the leading international fashion houses, Versace is known for its picture-perfect red carpet gowns. The first Versace store opened in 1978. Its most acclaimed dress is the Bondage Halter from the Fall 1992 Bondage collection. The outfit was popularised recently by singer Lady Gaga.

Armani

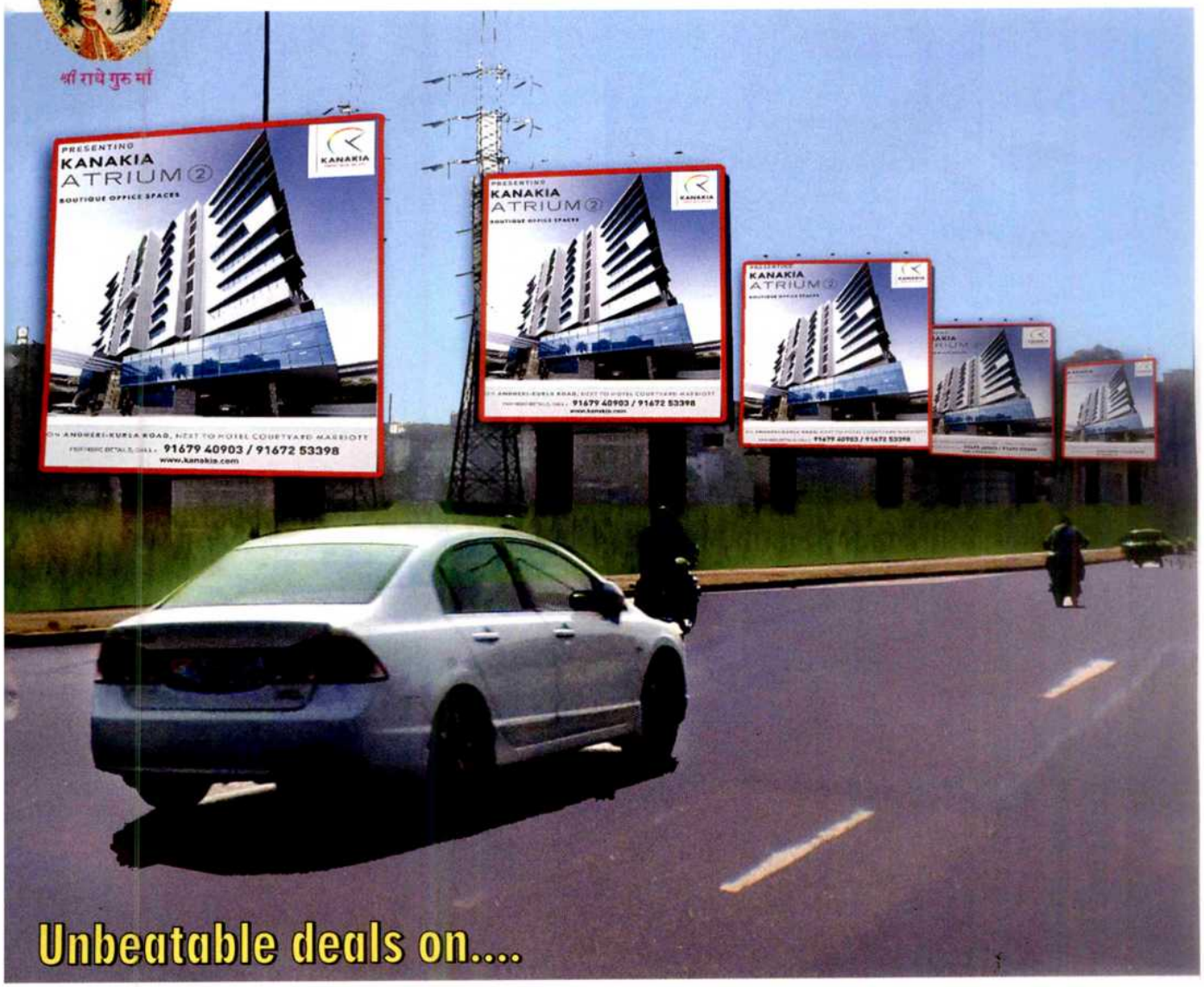
Arguably the most famous Italian designer, Giorgio Armani designed his first menswear piece, the leather bomber jacket, in 1970. His signature creations are men's suits and jackets. The high-end label also excels in ready-to-wear clothes, accessories, perfumes and home furniture.

Ferragamo

Italian shoe designer Salvatore Ferragamo was once labelled "Shoemaker to the Stars". Marilyn Monroe wore his steel-reinforced stilettos with a billowing white dress in the memorable *The Seven Year Itch*. Today, he's credited with inventing one of the most enduring styles in the world of shoe fashion: the cork wedge.

श्री राधे गुरु माँ

17 Years || 1700 Campaigns || 1200 Product Launches || 350 In-Film Brandings || 1500 Event Sponsorships



Unbeatable deals on....

Rotational Plans - Barter Deals - EQuity Deals - Easy Payment Terms - PAN - India presence

* HOARDINGS
* BUSES
* BUS SHELTERS

GLOBAL ADVERTISERS

* AIRPORT MEDIA
* RAILWAY MEDIA
* INNOVATIONS

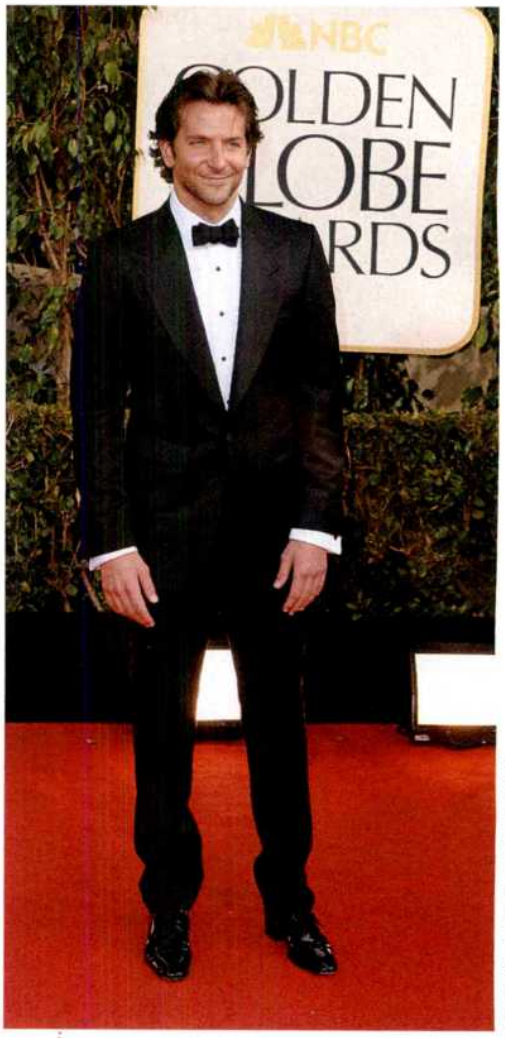
Sanjeev Gupta- 9820082849

www.globaladvertisers.in

amit@globaladvertisers.in

Hermès

The French company is famous for its leather products, lifestyle accessories and perfumes. It launched the Birkin bag in 1984 and has since become an icon of wealth and class. The price for a Birkin ranges from £6,000 to £100,000. The hand-sewn bags are mostly made on order.



WIREIMAGE/GETTY IMAGES

Ermenegildo Zegna

The Italian luxury fashion house came into being in 1910 and is known for producing quality menswear. Style, excellence and perfect finish are what make these suits a favourite with the rich and classy. Actors Gerard Butler, Chris Pine and Liam Hemsworth have been seen sporting a Zegna on the red carpet.

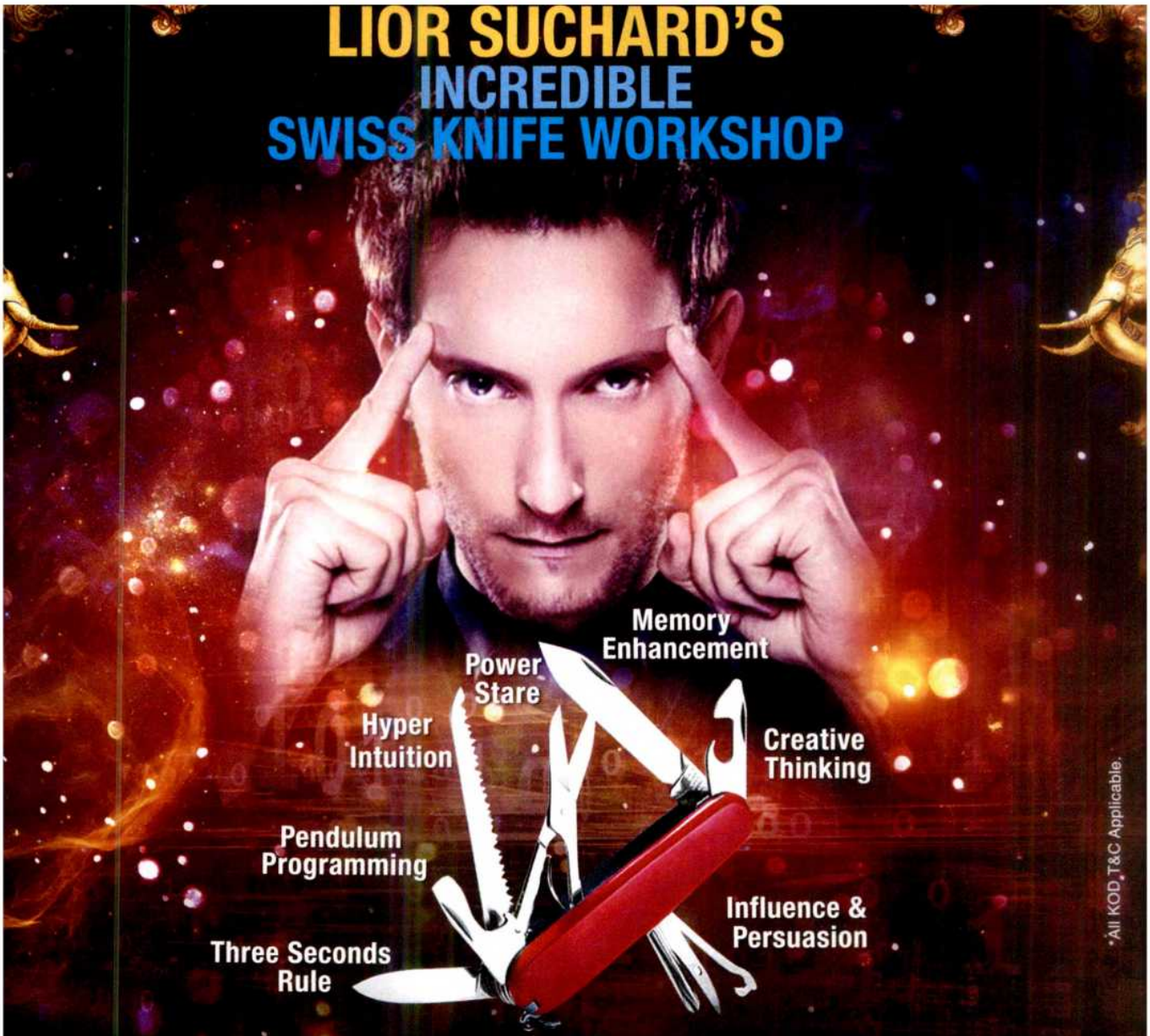
Tom Ford

Tom Ford was Vice Chairman of Gucci Group before launching his eponymous label in 2005. Top Hollywood actors including Bradley Cooper have been spotted wearing a Tom Ford tux on the red carpet. Daniel Craig also wore a Tom Ford tuxedo in the latest James Bond movie *Skyfall*.

Manolo Blahník

Spanish fashion designer Manuel Manolo Blahník Rodriguez introduced stilettos in the early 1970s at a time when platforms and chunky heels were the fashion of the day. In the popular TV show *Sex and the City*, Blahnik shoes are the favourites of the lead character Carrie Bradshaw.

LIOR SUCHARD'S
INCREDIBLE
SWISS KNIFE WORKSHOP



*All KOD T&C Applicable.

"Everyone should have 'The Suchard experience'. I've never seen anything like it."
– Microsoft Director

"He was incredible and he knows what's good for business."
– Motorola Marketing Team

"Lior performs incredible close-ups. He's totally unique."
– Jaguar Marketing & Events Team Leader

Date & Time
Workshop #1 - 22nd Aug - 9:30am - 4:30pm
Workshop #2 - 23rd Aug - 9:30am - 4:30pm

Price Per Participant
₹16500*
(Workshop + Lunch + All Taxes)

For Bookings Call
+91 8860 100 830
+91 9540 063 580

Avail **5% discount** on group bookings of 5 and above.

Kingdom of Dreams
ULTIMATE LIVE ENTERTAINMENT DESTINATION!
Sector 29, Gurgaon, India. I www.kingdomofdreams.in

World-class live entertainment from across the Globe!

Prada

The Milan-based brand is synonymous with fashion and luxury. Set up in 1913, Prada makes luxury handbags, leather goods, footwear, ready-to-wear apparel, accessories, eyewear and fragrances. The Prada group also owns some smaller brands like Miu Miu, Car Shoe and Church's.

Tod's

Tod's began as a small cobbling business of Filippo Della Valle in Le Marche, Italy, in the early 1900s. Today, the Driving Moccasin, or simply the loafer, is the most famous Tod's product, and is known for its craftsmanship and high-quality leather. It comes in a wide colour palette and has an elite customer base.

Christian Dior

French designer Christian Dior opened his first store in 1946. One of the most well-known products from the fashion house is the Princess Diana-inspired Lady Dior handbag made in the Cannage pattern by stitching geometric grids into lambskin.

Roberto Cavalli

Italian designer Roberto Cavalli, who introduced printing on leather in 1970, is best known for exotic and animal prints. Hilary Duff, Beyonce, Kareena Kapoor Khan and Shilpa Shetty have been known to sport Cavalli outfits.

WITH INPUTS FROM ANWESHA SANYAL
PRIYANKA MISRA IS FASHION DIRECTOR, HARPER'S BAZAAR INDIA

INDIA TODAY

mind rocks

YOUTH SUMMIT 2013

21st SEPTEMBER
SIRI FORT AUDITORIUM, DELHI

DO YOU OFTEN DREAM OF SITTING NEXT TO YOUR ICON? SHAKING HANDS? DANCING? A ONE-TO-ONE CHAT?

NOW YOU CAN!

RANVEER SINGH
ACTOR

HARD KAUR
BRITISH INDIAN RAPPER AND HIP HOP SINGER

FARHAN AKHTAR*
ACTOR, PRODUCER & DIRECTOR

MAHI VIJ
TV ACTOR & MODEL

JAY BHANUSHALI
TV ACTOR, DANCER & ANCHOR

DR. KIRAN BEDI
FORMER IPS OFFICER & SOCIAL ACTIVIST

AMISH TRIPATHI
AUTHOR

AJAY BIJLI
CHAIRMAN & MD, PVR LTD.

CHRIS GAYLE*
CRICKETER, WEST INDIES

GUL PANAG
ACTOR, MODEL

*invited

REGISTER NOW ₹1200 only
Including lunch, snacks, goodie bag & a finale concert

WWW.INDIATODAYMINDROCKS.COM

Call: Saurav Parmar: (0120) 4807100 Extn. 3496 & 3256,
Mobile No.: +91-78 38 800397, Mail us: youthsummit@intoday.com
www.twitter.com/mindrocks

To participate in music contest log on to
www.bit.ly/MindRocksBandRegistration
www.facebook.com/mindrocks

PRESENTING SPONSOR

JAYPEE GROUP

NO DREAM TOO BIG

PARTNERS

YOUTH PARTNER — eclectic NORTHEAST

YOUTH ONLINE PARTNER — CoolAge www.coolage.in Aol.

YOUTH PARTNER - PAKISTAN — blinck

DIGITAL OOH TV PARTNER — OH MEDIA

JUST LIKE HEAVEN

These five luxurious holiday destinations will give visitors bragging rights for years, says Nishant Bangar

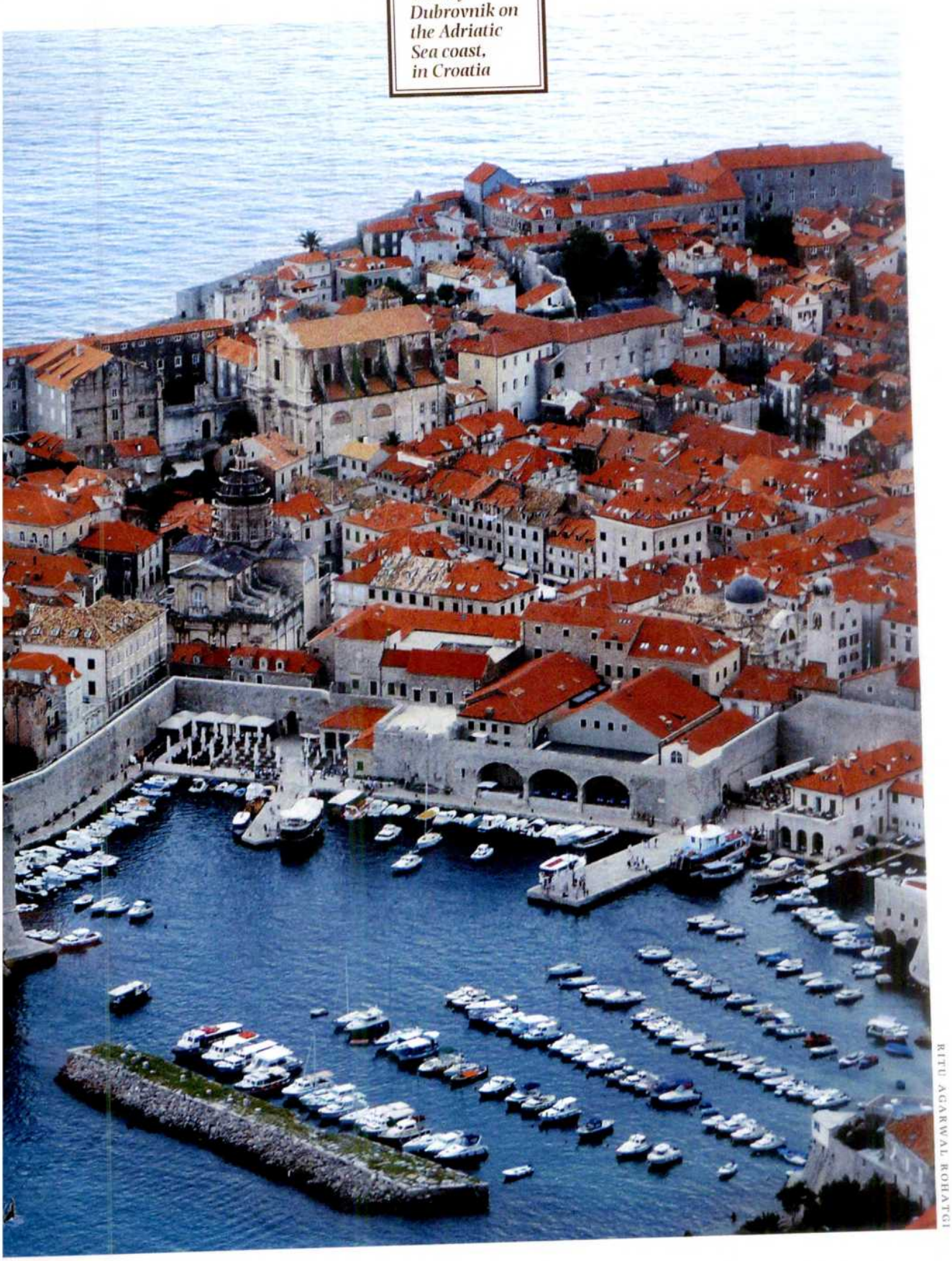
The well heeled and well travelled often face a singular problem – where to take the next vacation? Getaway spots there are aplenty across the world, especially when cost is no consideration. But these men and women have done the usual circuits several times, and are in no mood to flock to crowded, touristy destinations, no matter how well spoken of, all over again. For folks looking to buck the beaten track, three luxury travel planners – *A Small World, Broken Compass* and *French Touch Travels* – recommend these unusual getaway spots.

Croatia

A visit to Croatia, a perfect blend of gorgeous locations, history and super-luxurious properties, is slowly making its way into many bucket lists. This East European country also has some stunning national parks, unexplored mountainous regions and more than 1,000 beautiful islands, each one with a unique look and feel. The must-explore cities are the capital Zagreb, Dubrovnik, Istria and Grožnjan. The country is also home to one of the most stunning palaces in the world, the Diocletian Palace in Split.

Deauville

This tony beach resort in France is primarily known for the annual film festival devoted to American cinema it has been hosting every September since 1975. A two-hour drive from Paris, Deauville is the closest seaside



Surf and sun: *A panaromic view of Dubrovnik on the Adriatic Sea coast, in Croatia*

RITU AGARWAL ROHATGI

business today
FOR MANAGING TOMORROW

Beat Stress
with Business Today

Business Today: A 10,000 Ft, 360 Degree View offers

- Deep insights into the **CORPORATE WORLD**
- Exclusive Interviews with **TOP BUSINESS PERSONALITIES**
- **SPECIAL FEATURES** that mine data to analyse a range of to
- All the latest **TRENDS and EVENTS** in the world of business and economy

Term	No. of Issues	You Pay (₹)	You Get
2 Years	52	~~2080~~ 1755/-	Save 15% + Get a USB Massager
1 Year	26	~~1040~~ 885/-	Save 15% on the Cover Price

Best Buy

2-YEARS SUBSCRIPTION GIFT

USB Massager

- Handy when sitting long at work
- Plugs into USB port, or use with AAA batterie

Please fill in the form and send it us at the address mentioned below

Business Today Subscription Form

Send form with your payment to LIVING MEDIA INDIA LTD., A-61, Sector 57, NOIDA-201301 (U.P.)

Yes! I would like to subscribe for:

☐ 2 Years (52 Issues) : Pay ₹ ~~2080~~/- ₹ 1755/- Save 15% + Get a USB Massager FREE! Best Buy

☐ 1 Year (26 Issues) : Pay ₹ ~~1040~~/- ₹ 885/- Save 15% on the Cover Price

Name..... Address.....

.....

Postal Code..... Tel./Mobile..... E-mail.....

Payment Details:

☐ Charge my Credit Card ☐ VISA ☐ ☐

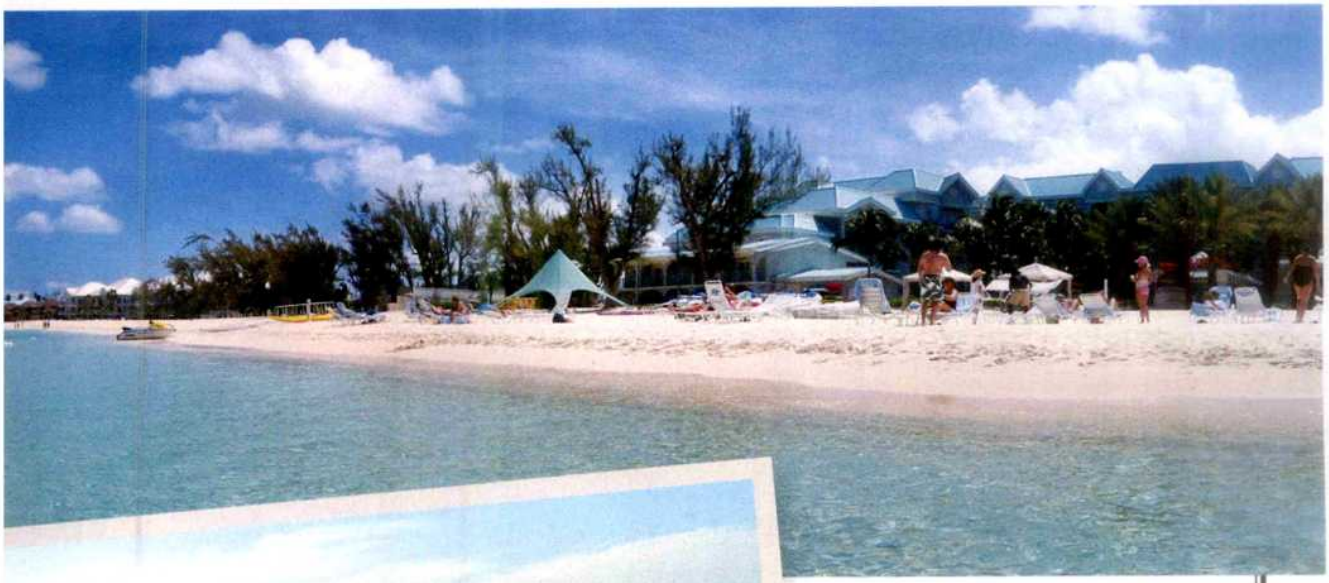
Card No.....

Expiry..... Signature.....

Payment Enclosed: ☐ Cheque ☐ DD No.....(in favour of Living Media India Limited. For non-Delhi cheques, please add ₹ 50/-)

Subscription Terms & Conditions: This authorises us to communicate about our products & promotions through mail/phone/printed material/email etc. This authorisation is irrespective of my instructions elsewhere of not to be contacted or informed over phone/email/mail etc. ☐Cover Price of BT is ₹ 40. ☐Special Rates and offer valid in India only for a limited period. ☐Allow 3-4 weeks for processing of subscription. ☐Your free gifts will reach you in about 6 weeks of commencement of your subscription. ☐The images shown here are indicative, actual product may vary ☐Add Rs. 50/- for non-Delhi cheques. ☐Superscribe your name and address on the reverse of the cheque/DD. ☐All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only. ☐Business Today can revise this offer any time at its discretion without any prior intimation. ☐Subscription can not be cancelled once the free gifts are dispatched. ☐T&C apply.

To Subscribe ... or Call Toll ... No. 1800 1800 ...



(top) ***Great escape****: The Cayman Islands get the most tourists during annual festivals like Mardi Gras, Pirates Week and Cayman Cookout*

(left) ***Quiet comfort****: A glimpse of Patrice Le Bris in Deauville, France*

OT DEAUVILLE-PATRICE LE BRIS

escape for residents of the French capital. With a number of luxury boutiques lining its promenade, it is a getaway fashionable enough for Coco Chanel to have opened her first store here over a century ago. Its hippodrome and casinos draw the international elite. Celebrities such as the Rothschilds of the US and fashion designer Yves Saint Laurent have summer villas here.

Megéve

Bordering Switzerland, Megéve in the Rhône-Alpes region of France – at a height varying from 1,115 to 2,350 metres above sea level – offers breathtaking views of Mont Blanc, the highest mountain in Europe. An hour's drive from Geneva airport, Megéve is one of the most famous ski resorts in the world. Domaine Évasion Montblanc, the town's skiing quarter, offers 18 cross-country trails across 95 km. The narrow cobbled streets and beautifully restored heritage buildings also attract non-skiers, especially during Christmas – when crystal brand Swarovski sets up a spellbinding tree in the village – and during two sporting events, The Megéve Polo Masters in January and The Snow Golf Cup in February.

Cayman Islands

One of the most stunning clusters of islands in the world, the Cayman Islands are a top-of-the-list destination for honeymooners. This Caribbean Sea destination offers a rare combination of exclusivity, solitude, glistening beaches and untouched tropical wilderness. The best times to visit are during annual festivals such as Mardi Gras in February, Pirates Week in November, and the Cayman Cookout, the Caribbean's premier epicu-

Harvard Business Review
Stand tall. **Above all.**

INDIA TODAY GROUP

Preferred by **Smart, Driven** and **Successful** professionals -
from young managers to CEOs, and entrepreneurs.
How about you?

Subscription Benefits

- ✓ Save up to 61%* on the cover price
- ✓ HBRSA, Same editorial content as the U.S. edition
- ✓ Unlimited access# to online archives of over 25 year of past HBR issues
- ✓ Get complimentary access to 4 live webinars worth ₹6000/- with renowned global thought leaders

*On 3 Year Print only Subscription
With Premium Subscription only

For quicker service, log on to **www.hbrsasia.org**

SUBSCRIPTION FORM

ES! Please enroll my subscription to Harvard Business Review - South Asia for the term indicated below:

SELECT YOUR TERM	ISSUES	PRICE	SAVE	OFFER PRICE
☐ 3 year Premium (Print + Online) Access to HBR archives online	36	₹34,500	51%	₹16,900
☐ 3 year Print only	36	₹27,000	61%	₹10,400
☐ 2 year Premium (Print + Online) Access to HBR archives online	24	₹23,000	49%	₹11,700
☐ 2 year Print only	24	₹18,000	60%	₹7,200
☐ 1 year Premium (Print + Online) Access to HBR archives online	12	₹11,500	43%	₹6,500
☐ 1 year Print only	12	₹9,000	56%	₹4,000

GIFT

2 HBR Essential Series Book worth Rs.990/-

- **Decision Making: 5 Steps to Better Results**
- **Time Management : Increase your Personal Productivity and Effectiveness**

lame (Mr./Ms.) _____

ddress _____
☐ Home ☐ Office

_____ Post Code _____ Tel (H) _____

) _____ Fax _____ Email _____ ☐ New ☐ Renew _____
hoose one: (please indicate your customer numbe

] Charge my credit card: ☐ VISA ☐ ☐

Card No. _____ Expiry _____ Signature _____

] Enclosed is my ☐ Cheque ☐ DD No. _____ (in favour of Living Media India Ltd. For non-Delhi cheques please add ₹50)

] Please tick this box to authorise HBR SA to get in touch with you.

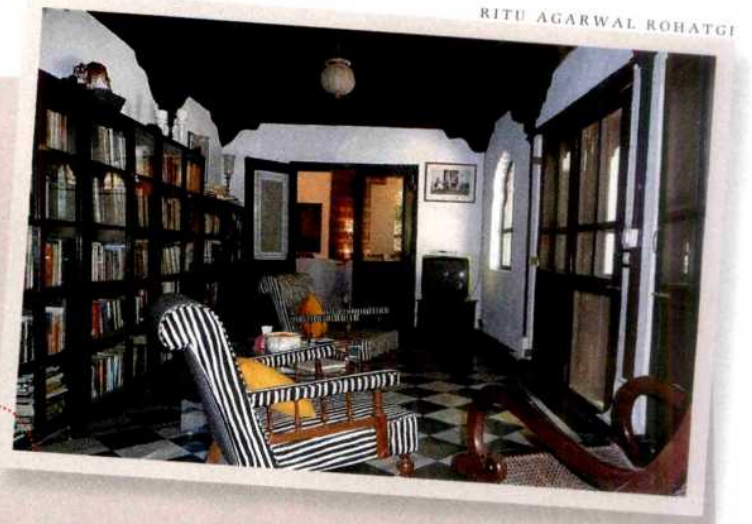
his authorises HBR SA to communicate about its products & promotions through mail/phone/printed material / email etc. *This authorisation is irrespective of my instruction elsewhere of not to be contacted or informed over phone/email

Harvard Business Review is published monthly, except for the Jan/Feb & July/August double issues which count as 2 issues each.

ubscription Terms & Conditions: Harvard Business Review South Asia Cover price is ₹750/- •Savings are off the cover price •Special rates and offer valid in India for a limited period only •Allow 4-6 weeks for processing of your subscription and dispat the free gift. •Add ₹50/- for non-Delhi cheques •It will not be possible to entertain any cancellation once the free gift has been dispatched. •**Superscribe your name and address on the reverse of the cheque/DD** •All disputes are subject to the exclus isdiction of competent courts and forums in Delhi/New Delhi only •HBR SA will not be responsible for any postal delays, transit losses or mutilation of the subscription form •By filling the subscription form, the subscriber understands and agrees to all th rms and conditions of the offer •Terms & conditions apply.

EASY WAYS TO CONTACT US (0120) 2479945 Toll Free No.: 1800 1800 102 hbrcare@intoday.com SMS 'HBRSA' to 52424 A-61, Sector-57,

RITU AGARWAL ROHATGI



HIDDEN GEMS

Boutique luxury resorts promise a safe haven far from the madding crowd. Guests are limited because rooms are few, while nature is available all around in its pristine abundance. There are plenty of such spots across the world. We select three, including one in India, which have lately drawn much global interest.

Ahilya Fort at Maheshwar is Maharaja Richard Holkar's ancestral palace, recently converted into a heritage hotel. Guests can spend hours visiting exquisite temples, hidden gardens and atop ramparts overlooking the sacred Narmada River. The fort-cum-hotel offers authentic glimpses into what 18th century royal life must have been like. The likes of Mick Jagger and Demi Moore have visited and stayed here.

The Beldi Country Club in Marrakech is an eco-friendly sanctuary amid olive groves, and acres of magical rose, citrus and hibiscus gardens, hidden courtyards, and airy rooms filled with handmade Berber-style rugs and pottery. The club offers an understated high-quality service and experience.

The Il Convento Di Santa Maria Di Costantinopoli is situated in a small village on the coast of Puglia, Italy. It is a 15th-century convent converted into a resort by Lord and Lady McAlpine. The guest chambers have Moroccan carpets, Indian ceramics and aboriginal paintings from the family's vast collection. Books are everywhere, and comfortable chairs to sit and read them in, but there is no TV or telephone in sight.

rean event in January-February. With more than 50 dive spots, this is a haven for those who love to explore the world 30 metres under. For nature lovers, the Forest National Park is home to a relatively rare sea-bird, the red-footed booby.

Peru

The one image that comes to mind immediately is Machu Picchu, that memorable symbol of the vanished Inca civilisation, but there is more to Peru than that. Trek through the Andes mountains, through the country's remote villages, and experience some of the most epic landscapes en route to Machu Picchu. Luxury travellers will vouch for exquisite forest lodges spread across the pristine Amazon rain forest, where amidst nature you can wake up to sounds you never heard before. From papering sessions in the spa, to private guided trips to the forest, and luxury cruises that take you through the Amazon, a Peru trip is the ideal way of revisiting nature in its most pristine form.

The writer is Associate Editor, Robb Report India

Ananda in the Himalayas: A seven-day wellness programme at Ananda can cost between ₹1 lakh and ₹4 lakh per person

LOOKING LIKE A MILLION BUCKS

CALCUTTA UNIVERSITY
CENTRAL LIBRARY

Want to look like a movie star? Or are you looking to pamper your inner self? Just fork out a small fortune at one of the country's exclusive beauty clinics and spas, says Aparna Gupta

So you've always wanted a smile like Madhuri Dixit's. And bone structure like Grace Kelly's. No worries. You don't need to be born with good looks; if you've got some extra cash to splash, a little nip here and a tuck there can easily help you look like the star of your dreams.

With almost every other Bollywood starlet going under the knife today, it's hardly any surprise that many ordinary women, and even men, are pumping serious money into beautifying themselves. There's no limit to what you can do. For a few lakhs, you can lose inches, lift brows, smooth wrinkles, contour jawlines, erase stretch marks, banish blemishes and much more – just take your pick at one of the upmarket beauty clinics and spas that have come up in the past few years.

A businesswoman in the garment industry, for example, chose, at the age of 75, a combination of botox, thermage wrinkle treatment and skin fillers to take years off her face at one go. The bill? A hefty ₹2 lakh.

Leading Bollywood stars fly to Delhi regularly for state-of-the-art dermatological procedures at Skin Alive Clinic, a medical spa started by dermatologist Dr Chiranjiv Chhabra. One of the most advanced treatments offered at the clinic is the Affirm Fractional Laser which aids skin rejuvenation, skin lifting, tightening and wrinkle reduction. It costs ₹10,000 to ₹20,000 per session, and four to five sessions are recommended for best results. Another one-of-a-kind treatment is Cool Sculpting which freezes fat cells so you can lose up to three inches in a single setting. "Today, cosmetic procedures are non-invasive. A combination of energy-based devices along with filler injections can give great results," says Dr Chhabra.

She is one of many such specialists in the beauty business. Dr Rashmi Shetty, in Mumbai – who cited the 75-year-old's example – is another. She is known for her skill at fillers and a session with her at the Ra Skin and Aesthetic Clinic can set you back by anything from ₹15,000 to ₹1 lakh. Everything at her clinic from the plush fittings to the high-tech equipment spells opulence. "If you are willing to spend, you can keep people guessing your age," says Dr Shetty, who is consulted by film and television celebrities as well as upwardly mobile young executives. "For long, we have trivialised beauty, equating it with vanity. Most of my patients approach me when they are at a turning point in their lives – marriage, new job, new college or even a relationship break."

Women aren't the only ones

WE SEE THE BALL COMING BEFORE ANYONE ELSE DOES

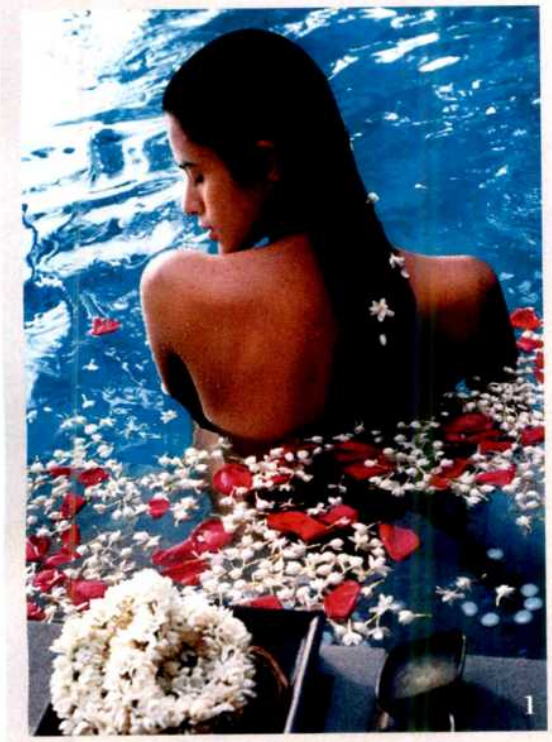
April 2013: BT tracks the growth of M.S. Dhoni's one-man business empire, his deals and doings

June 2013: Dhoni is put under the scanner for his business deals

We see what others miss
We tell you what others won't tell
We keep you ahead of the curve

business today

India's **No.1** Business Magazine



The beauty business is all about big bucks. According to a 2011 report by the Federation of Indian Chambers of Commerce and Industry and PricewaterhouseCoopers, wellness is a ₹49,000-crore industry in India, growing at 20 per cent a year. Increased awareness, lifting of trade barriers, Indian girls winning international pageants, and the mushrooming of beauty contests have influenced the way people perceive beauty, says Dr Jamuna Pai, cosmetic physician and founder of Mumbai's Blush Clinics. "It's no longer just about actresses and bridal makeovers. Jaw contouring, high cheekbones, nose and lip jobs, widening of the eyes are the most sought after treatments by young college-going girls," she adds.

But if you're looking for inner well-being in addition to physical beauty, head for a luxury spa such as Taj Hotels's Jiva Spa. Pamper yourself with one of its signature treatments like the Nawab-e-Khaas, which takes you back to the days of nobility. The luxurious foot wash and exfoliating body scrub uses a blend of almonds, rose petals, saffron and rich herbs. Or you can go for the super-indulgent Mangal Snan at the Taj spa at Usha Kiran Palace in Gwalior. This award-winning treatment once undertaken by royalty before a coronation or wedding ceremony offers live music therapy followed by a saffron bath and exotic jasmine oil. The price of this luxury? About ₹10,000.

In case the royal bath doesn't whet your appetite for luxury, head for Ananda in the Himalayas, a sprawling spa in a turn-of-the-century palace near Rishikesh. You

*1. **A Royal Bath**: Mangal Snan at Gwalior's Usha Kiran Palace*

*2. **Letting off Steam**: The Moghul Suite at Imperial Spa*

*3. **Cutting Edge**: Mumbai's Dr Jamuna Pai at work*

willing to fork out a fortune to look good. Men are also spending good money on cosmetic clinics, especially for a full head of hair. Dr Arvind Poswal, a hair transplant surgeon, has invented an advanced stitchless hair transplant technique that costs between ₹6 lakh and ₹8 lakh. "Patients who are not public figures are willing to make this investment as the confidence they regain is priceless," says Dr Poswal. "While five years ago, we used to do 15 hair transplants in our clinic per month, today it's 50."

STOPPING THE CLOCK

THEY CAN KEEP YOUR AGE FROM SHOWING. FOR A PRICE, OF COURSE. A LOOK AT THE MOST EXPENSIVE SUCH FORMULATIONS IN INDIA

Estée Lauder's **Re-Nutriv Re-Creation Face Creme and Night Serum.** It contains Glacial BioExtract, which boosts the skin's natural elastin production and keeps cells hydrated. Price: ₹66,162

Guerlain's **Orchidée Impériale Cure Treatment** promises to renew skin cells, shaving seven to nine years off your age. **Price:** ₹62,000

Christian Dior's **Prestige L'Huile Souveraine** contains anti-ageing agent Rose Souveraine Absolute, which replenishes the skin. **Price:** ₹23,150

can enjoy traditional Indian Ayurveda along with more contemporary Western spa treatment in the forest-ringed estate near the Ganges. Exclusivity does not come cheap: a seven-day customised wellness programme can cost between ₹1 lakh and ₹4 lakh per person. "From wellness consultation to customised therapies to chefs creating a daily health menu ... to personal yoga sessions, the whole approach at Ananda is that of a personal guide and mentor through each individual's wellness journey," says Gary Hall, Corporate Head of Spa Operations.

If Ananda is a bit far off, you could join some of Bollywood's A-listers at J.W. Marriott's Quan Spa in Mumbai. Its highly indulgent couple wedding treatment which includes a luxurious rose-and-milk bath costs about ₹30,000. Those with a taste for the finer things in Delhi can enter the world of spiritual luxury at the Imperial Spa. The most exclusive treatment, the Kohinoor Retreat, is offered in the spacious Moghul Suite with its own steam, sauna, jacuzzi, salon area and indulgent day bed. For about ₹15,000, you get a rose-petalled bath, oil massage, steam session and diamond dust exfoliation. "The wellness market is booming now more than ever before, as a lot of people travel with the sole focus on restorative relaxation," says Thomas Abraham, General Manager, Park Hyatt Goa Resort and Spa.

Time cannot be stopped, obviously, but the lines on your face certainlycan – all you need is a lot of cash, and you can look and feel like a million bucks.

The writer is a freelancer based in Mumbai

Save up to 57%* plus Get a Tool Set FREE!

TIME, the world's most respected weekly newsmagazine, is trusted by 21 million readers for its insightful and reliable reporting on global events, politics, business, finance, technology, education and more. TIME speaks authoritatively on important issues, interests and concerns in Asia and the world. In today's fast-paced environment, TIME provides a clear, concise and forward-looking take on the world, allowing you to make the most of your TIME.

Box measures: 35 x 27 x 7cm

Subscribe to TIME now and receive your FREE Tool Set.
The Tool Set includes:

- 4 Hex Wrenches
- 1 Knife
- 1 Cutting Plier
- 1 Water Pump Plier
- 1 PVC Tape
- 1 Level
- 9 1/4" Dr. Socket
- 1 Screwdriver Handle
- 11 Bits in a Plastic Holder
- 1 Claw Hammer
- 2 Screwdrivers
- 4 Precision Screwdrivers
- 6 Combination Wrenches
- 65 Fasteners

Best of all, this Tool Set is yours absolutely FREE when you subscribe now!

What's more, here are your other benefits:

1. **Save up to 57% off the cover price**
2. **Free Delivery to your home or office**
3. **Celebrated Annual Issues** – TIME 100, Journeys, Best Inventions and Person of the Year
4. **Money Back Guarantee** – You must be completely satisfied or you'll receive a full refund for all unmailed issues
5. **TIME All Access** – Enjoy the print magazine, iPad® edition and subscriber-only content on TIME.com, including the 20th century archive
6. **24-Hour Customer Service** – You can manage your subscription 24 hours a day at www.time.com/asiacustomerservice
7. **Bonus Gift** – If you subscribe for two years or more, you'll receive an extra mystery gift absolutely FREE!

FREE GIFT(S) AND SAVINGS FORM

TIBQHN0(A/B)

YES! Please send me TIME for the term I've indicated below. I'll also have access to the iPad edition and subscriber-only content on TIME.com

Best buy!

- ☐ 162 issues for a total of ₹8,262 - only ₹51/issue
- ☐ 108 issues for a total of ₹5,616 - only ₹52/issue
- ☐ 54 issues for a total of ₹2,862 - only ₹53/issue
- ☐ Please send me a Tool Set as my FREE gift. If I subscribe to a 108 or 162 issue term, I will also receive a Bonus Mystery Gift.

Name (Mr./Ms.) _____ (Please print and underline surname)

Address ☐ Home ☐ Office _____

_____ Post Code _____

Tel (H/O) _____ Mobile _____ Fax _____

Email _____ (Provide to receive order acknowledgement and online plus iPad access) ☐ New ☐ Renew _____ (Please indicate your customer number)

Choose one:

☐ Charge my credit card: ☐ VISA ☐ MasterCard ☐ American Express ☐ Diners Club (Debit cards are not accepted)

Card No. _____ Expiry ___/___ Signature _____

☐ Enclosed is my ☐ Cheque ☐ DD No. _____ (Payable to LM A/C TIME. For non-Delhi cheques please add ₹50)

BT 01 Sept. 13

By subscribing to this offer, you agree to allow Time Singapore (Pte) Ltd/Living Media India Ltd to call/SMS you even if you have blocked UCC in the NCPR. If you do not agree, please tick this box. ☐ Please tick if you prefer not to receive promotional materials from Time Singapore (Pte) Ltd. ☐ Occasionally, Time Singapore (Pte) Ltd. may make your name, postal address and/or email available to third parties for mutual benefit. If you do not consent to receive third party offers, please tick this box. ☐ * on the 162 issue term. Please allow 6-8 weeks for delivery of your first issue and gift once payment has been processed. Rates and offer valid in India until December 31, 2013 only. If no term is indicated, the minimum will be served. Gift stocks are limited. If free gift is unavailable, it may be replaced with an item of greater or equal value. Your subscription will be hand delivered by courier in Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Pune, Ahmedabad and Chandigarh and by mail to other destinations. All enquiries to be addressed to Living Media India Ltd. directly. TIME's cover price is ₹120. Savings are off the cover price. TIME Asia publishes five double issues. Each counts as two of 53 issues in an annual subscription. TIME Asia may also publish occasional extra issues. All disputes subject to the exclusive jurisdiction of competent courts in Delhi only. For subscription related queries, please call (0120) 2479943, fax (0120) 4078080 or email to timecare@intoday.com. Orders from India are subject to acceptance by Time Singapore (Pte) Ltd, 152 Beach Road, #24-05/08 Gateway East, Singapore 189721. Time Singapore (Pte) Ltd is not liable for any custom duty or tax incurred in connection with the subscription.

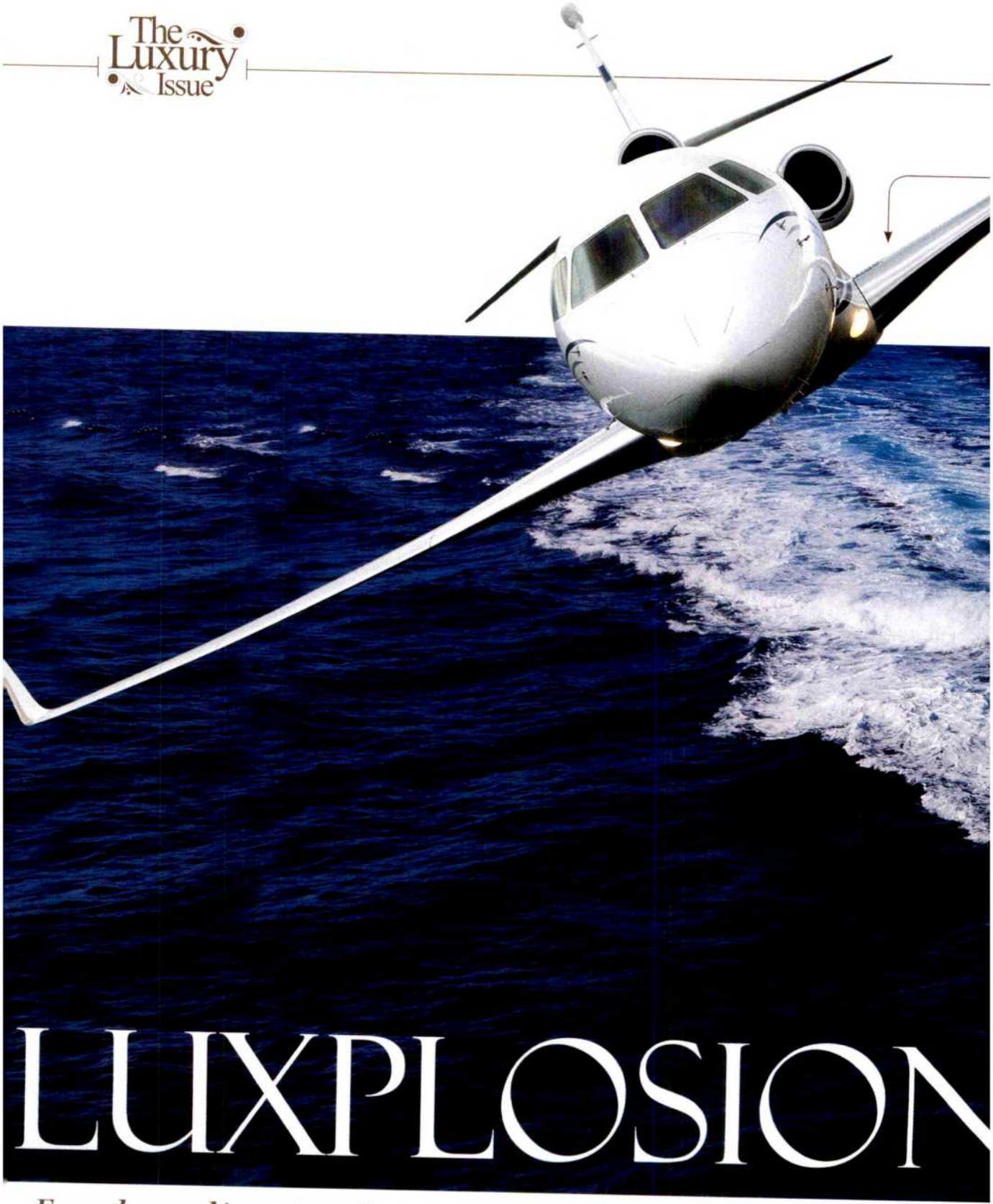
iPad is a registered trademark of Apple Inc. registered in the U.S. and other countries.

TIME

4 EASY WAYS TO SUBSCRIBE

(0120) 2479943 | FAX (0120) 4078080 | timecare@intoday.com (For security, please never send credit card information via email)

Living Media India Limited
A - 61, Sector - 57
Noida (U.P.) - 201301



LUXPLOSION

From home décor, jewellery and fashion to wines and spirits, yachts and private jets. Here's a collection of the best that money can buy. Text by ***Nishant Bangar.***

Sky's the limit: The 16 passenger **Dassault Falcon 7X** stands out among business jets. It costs $52.3 million (₹313.8 crore) and has a range of 10,900 km

Hot Yacht: Azimut's 24 metre long **Magellano 76** is much favoured by the loaded. This four-passenger, two-crew cabin yacht costs around €6 million (₹48 crore) and has a top speed of 22 knots

YOUR INDIA, YOUR TODAY

NOW WITH 36% DISCOUNT

SUBSCRIBE NOW

YES! I WISH TO SUBSCRIBE TO INDIA TODAY.

INDIA TODAY

Please tick your subscription choice and send the form to:
We Care, India Today, A-61, Sector 57, Noida - 201301, (U.P.), India

TICK	TERM	NO. OF ISSUES	COVER PRICE (₹.)	YOU PAY (₹.)	SAVINGS
☐	5 Year	260	9100	5800	36%
☐	3 Year	156	5460	3600	34%
☐	1 Year	52	1820	1200	34%

BEST OFFE

Please fill the form in CAPITAL LETTERS

I am enclosing Cheque/DD No.:_____ dated:_____ drawn on (specify bank):_____

favouring Living Media India Limited for ₹._____ (Add ₹. 50/- for non Delhi cheques, Not valid in case of At Par Cheques)

Or, Please charge my Credit Card ☐ ☐ ☐ Card No. ☐☐☐☐ ☐☐☐☐ ☐☐☐☐ ☐☐☐☐

Card Member's Name ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Card Expiry Date: M_____ Y_____

Card Member's Signature:_____ Date of Birth: D_____ M_____ Y_____

Name:_____ Address:_____

_____ City:_____ State:_____ Pin:_____

Ph (Res.):_____ Mobile:_____ Email:_____

BT 01 Sept. 13

YOU MAY ALSO SUBSCRIBE THROUGH

SMS ITE to 52424

CALL us on Toll Free No. 18001800100 and (0120) 2479900

E-MAIL wecare@intoday.com

LOG ON TO www.indiatoday.in/subscribe

Offer valid till stocks last, Living Media India Ltd. reserves the right to terminate or extend this offer or any part thereof at any time. For other terms and conditions, please visit www.indiatoday.

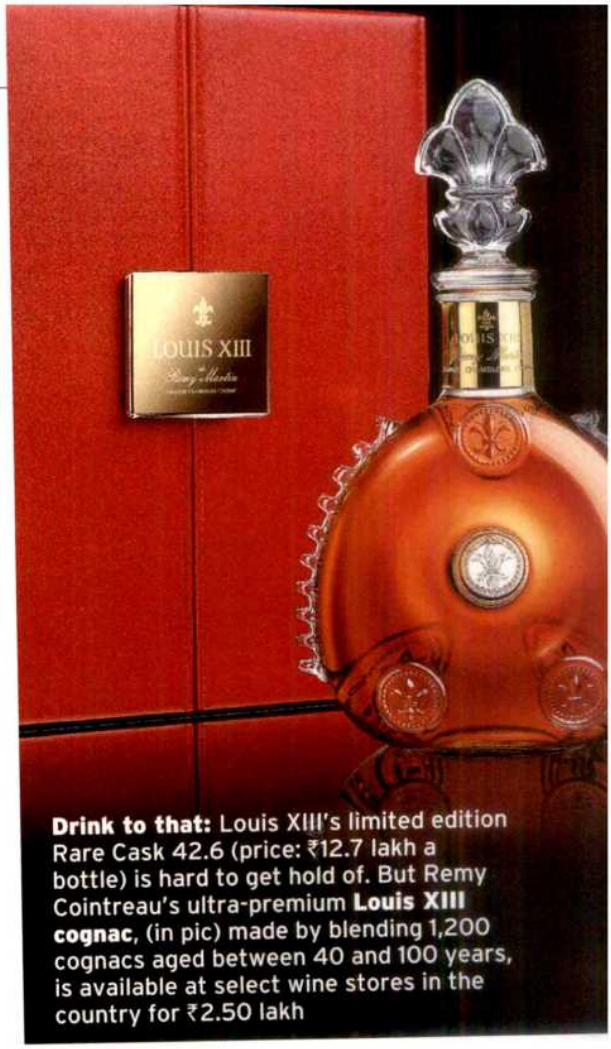
Worth watching: Vacheron Constantin's **Kalla Duchesse Métiers d'Art watch** features a 18 carat white-gold case set with 837 baguette-cut diamonds and one round-cut diamond. The crown too is diamond-set. Cost: ₹8 crore

Drink in the sight: The 505-litre flagship wine unit from Miele – **KWT 6832 SGS** comes with selectors that can be used to display collectors-edition bottles prominently. There is also an in-built decanting rack as well as a sommelier set to decant the wine and also cool glasses. Cost: ₹7.5 lakh

A ring to it: This ring from **Nirav Modi** comprises a 10.94 carat light pink pear-shaped diamond, set amidst a halo of more diamonds, each of which weighs over one-carat. Price: ₹10.50 crore

Bagging the prize: Tod's **Miky bag,** from its Autumn-Winter 2013 collection. Made of precious leather, with an innovative design, it costs ₹14.45 lakh

Something to speak of: The sounds from Steinway Lyngdorf's **Model LS Concert** open-baffle speakers (₹1.7 crore for a pair) bounce off the walls of a room much the way notes from a musical instrument would, resulting in extremely open and life-like music



Drink to that: Louis XIII's limited edition Rare Cask 42.6 (price: ₹12.7 lakh a bottle) is hard to get hold of. But Remy Cointreau's ultra-premium **Louis XIII cognac**, (in pic) made by blending 1,200 cognacs aged between 40 and 100 years, is available at select wine stores in the country for ₹2.50 lakh

A Shoe-in for the top spot: This patent black **Christian Louboutin Botticellita** creation from the French shoemaker's Spring Summer 2013 collection, is sure to add height along with a grunge chic element. Cost of a pair: ₹2.19 lakh

SUBSCRIBE OR RENEW AND SAVE 17%

PLUS! EXCLUSIVE MEN'S HEALTH LAPTOP SLEEVE FREE WITH A TWO-YEAR SUBSCRIPTION

Men's Health
THE MAGAZINE MEN LIVE BY

Please fill in the form and send it back to us to the address mentioned below

MEN'S HEALTH SUBSCRIPTION SAVINGS FORM

Men's H

☐ 2 Years (24 Issues) : You pay ₹2,400/- ~~₹1,995/-~~ BEST BUY
Get 17% discount and a Laptop sleeve free

☐ 1 Years (12 Issues) : You pay ~~₹1,200/-~~ ₹995/-
Get 17% discount on the cover price

Send form with payment
LIVING MEDIA INDIA L
A-61, SECTOR 57,
NOIDA-201301 (U.P)

Name..... Address.....

.....City.....

Postal Code..... Tel/Mobile..... E-mail.....

Payment Details:

☐ Charge my credit Card ☐ ☐ ☐ Card No..... Expiry..... Signature.....

Subscription Terms & Conditions: This authorises us to communicate about our products & promotions through mail/phone/printed material / email etc. authorisation is irrespective of my instruction elsewhere of not to be contacted or informed over phone/email/mail etc. ■ Men's Health cover price is ₹100/- ■ Special offer valid in India only for a limited period ■ Allow minimum 4 weeks for processing of subscription ■ Your free gift(s) will reach you in 4-6 week commencement of your subscription ■ Picture of the gifts shown in the letter are indicative ■ Do not send cash ■ Add ₹50/- for non-Delhi cheques ■ Super your name and address on the reverse of the cheque/DD. ■ It will not be possible to entertain any request for cancellation once the free gift has been dispat ■ All disputes are subject to the exclusive jurisdiction of competent courts and forums in Delhi/New Delhi only ■ The laptop shown here are not part of this ■ Men's Health can revise this offer any time at its discretion without any prior intimation ■ The offer is valid for limited period on the basis of the availabilit ■ Terms and Conditions apply.

To subscribe, you may also email wecarebg@intoday.com or call toll free: 1800 1800 100 or (0120) 2479900

Retro delight: Panerai's **The Pocket Watch Tourbillon GMT Ceramica,** priced at ₹1.65 lakh, consists of a ceramic case within which the watch mechanism is enclosed. Like all vintage pocket watches, it also has a chain

Power of the chair: This folding armchair, made of Italian cowhide and pear-wood called **Pippa** comes from Hermés. Price: ₹8 lakh

SOME OF THE WORLD'S MOST SUCCESSFUL COMPANIES STARTED OUT ON A MODEST SCALE

COME DISCOVER INDIA'S MOST PROMISING POWERHOUSES OF TOMORROW

INDIA TODAY GROUP

YES BANK

presents

business today

EMERGING COMPANIES

excellence awards 2013

India's growth story is based on the achievements of many emerging companies, which are modest in scale yet create a big impact on our economy. To encourage their growth and recognise their accomplishments, **Business Today** and **YES BANK** are proud to present the first **Business Today Emerging Companies Excellence Awards 2013**.

Be a part of these prestigious awards and witness one of India's most promising emerging companies.

September 2013 • New Delhi

Procedure Reviewer

pwc

Official TV Partner

ET NOW™

Entry by invitation only.

THE URGE AND THE NEED

Why do we buy diamond-studded watches, exotic-skinned bags, and business-class tickets to that faraway spa camp where everybody speaks in whispers? ***Nandini Bhalla*** *has the answer*

Love of luxe: *Customers at DLF Emporio Mall, Delhi, where many luxe brands have their outlets. The luxury market is pegged to grow at 25% in 2013*

SHEKHAR GHOSH/www.indiatodayimages.com

With all this talk of the global economic doom, India getting downgrade warnings from rating agencies and grim balance sheets all around, you'd think people wouldn't drop three months worth of salary on a handbag. Or spend their savings on a down payment for a luxury car. You'd be wrong.

According to Bain and Co, which, among its varied services, advises the global luxury goods industry, global luxury revenues grew 10 per cent in 2012. In the most recent update to its Luxury Goods Worldwide Market Study, Bain announced that luxury goods market revenues worldwide would grow a whopping 50 per cent faster than the global gross domestic product in coming years. It is expected to rise four to five per cent in 2013 and five to six per cent through 2015.

Closer home, the figures are equally remarkable. ASSOCHAM's latest survey *Indian Luxury Market Holds Strong despite Global Economic Downturn* says high income group Indians spend over 40 per cent of their monthly income on coveted global luxury brands. It adds that more than 75 per cent of potential consumers of luxury brands search for them on the Internet at least once a month. Nearly all major luxury brands are continuing with their current investments despite the financial slowdown, and the luxury market in India is pegged to grow at 25 per cent in 2013 through 2015, rising to $15 billion from the current level of $8 billion.

Indeed, when it comes to luxury buying, it is funny how little purchasing behaviour has to do with purchasing power. Or even the actual product bought. Instead it has *everything* to do with how luxury products make you *feel*.

A study by Belgium-based Ghent University threw up some interesting results. Researchers found that merely looking and touching luxurious products provides instant gratification to many. And when you actually purchase an expensive item, your brain gets an incredible sense of 'reward', not too different from what happens when you achieve an important life goal. This feeling is exclusive to expensive shopping. Research has shown that because we subconsciously believe that pricey items are of better quality than cheaper ones – which may not even be true – we derive more pleasure from them. Case in point: during a study, when tasters were told a particular wine cost $90 a bottle, they enjoyed it. But when they were given the same wine and told it cost $10 a bottle, they claimed it wasn't as good.

Then there's the issue of self-esteem, our deep-rooted need to feel good about ourselves. It is hardly a secret that most marketers focus their advertising messages on consumers' egos. This is why ads encourage you to compete with your neighbour over air conditioners and televisions, compare your children's grades with those of his children, and decide whose wife has better shirt-cleaning skills. But when it comes to luxury, this matter of 'self-esteem purchasing' becomes even more significant.

A series of studies have found that people are more likely to shop for high-status items when they're feeling under-confident. Researchers Niro Sivanathan and Nathan Pettit of Cornell University, US, asked 150 college students to rate a pair of designer jeans against regular

Get Richer, Get More!

Money Today
MAKES YOU RICHER

BEST OFFER
VAN HEUSEN TIE
worth ₹. 1295 with
3 Years Subscription

As your own authoritative guide to personal finance and investment, Money Today understands that getting value for your money is important to you. That's why, with every new subscription to Money Today, you can now get fabulous free gifts. Subscribe today!

CUT HERE

YES! I WISH TO SUBSCRIBE TO MONEY TODAY

Money Today
MAKES YOU RICHER

Please tick your subscription choice and send the form to: We Care, India Today, A-61, Sector 57, Noida - 201301, (U.P.), India

TICK	TERM	NO. OF ISSUES	COVER PRICE (₹.)	YOU PAY (₹.)	SAVINGS	FREE GIFT
☐	3	36	1800	1500	17%	Free Van Heusen Tie Worth ₹ 1295/-
☐	1	12	600	500	17%	None

Please fill the form in CAPITAL LETTERS

I am enclosing Cheque/DD No.:_____ dated:_____ drawn on (specify bank):_____

favouring Living Media India Limited for ₹._____ (Rs. 50 needs to be paid in case of outstation cheques, Not valid in case of At Par Cheques)

Or Please charge my Credit Card ☐ ☐ ☐ ☐ Card No. ☐☐☐☐ ☐☐☐☐ ☐☐☐☐ ☐☐☐☐

Card Member's Name ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Card Expiry Date: M_____ Y_____

Card Member's Signature:_____ Date of Birth: D_____ M_____ Y_____

Name:_____ Address:_____ P_____

City:_____ State:_____ Pin:_____

Ph (Res.):Mobile:_____ Email:_____

You May Also Subscribe Through

*Terms & conditions apply.

SMS MTSUBS to 52424

CALL us on Toll Free No. 18001800100 and (0120) 2479900

E-MAIL wecare@intoday.com

LOG ON TO www.indiatoday.in/subscribe

*Offer valid till stocks last, Living Media India Ltd. reserves the right to terminate or extend this offer or any part thereof without assigning any reason.

VIVAN MEHRA

ones. But before that, they were asked to take a test to measure their "spatial reasoning and logic ability". The students who were told they scored poorly in the test were willing to pay 30 per cent more for luxury jeans. That's not a coincidence, say researchers... spending on yourself, especially on expensive and 'attractive' items, really *does* make you feel better.

> ***Feel good factor:*** *Researchers say buying luxury items makes people feel better about themselves*

But the impact of luxury goods isn't restricted to the mind. It can have physiological impact, too. You've heard the story of the middle-aged man buying a red Ferrari, right? Let's not make fun of him just yet — there may be a good biological explanation...and it's called testosterone. As evolutionists have found, men's testosterone levels dip as they age. Researchers from Concordia University in Montreal recruited 39 men for a study, and asked them to drive one of two cars: an old Toyota Camry or a slick Porsche 911 Cabriolet. Each car was driven down a busy street full of women, as well as along a quiet road. The saliva samples of the men driving the Porsche showed a significant increase in testosterone, whether there were any women present or not. But the guys behind the wheel of the battered Camry showed no change (or sometimes a dip) in hormone levels. "In other words, just put a guy in a Porsche, and his testosterone levels shoot up, whether people him watch or not," says marketing professor Gad Saad, the study's lead researcher.

What about luxury labels? Surely they have a psychological trick or two up their sleeves to draw customers? If you've ever given in to the charms of a 'limited edition' range, you know the answer. Marketers know the secret behind extreme attraction — scarcity. When something seems less easily available, we attach more value to it. When luxury brands launch limited-edition collections (often with a higher price tag than usual), they're sending out a very powerful and persuasive message — these items are unique, they are not for everyone, and you have only one chance to own them. This same 'exclusive' card is also played using waiting lists. The case of the Hermés Birkin waitlist is legendary, and Ferrari has a famous mantra of making one less car than in demand.

The bottom line is that luxurious bags and shoes and cars mean more than just expensive goods to the human mind. Most of them are intuitive buys, appealing to a much deeper need, a subconscious desire to feel important, as prized as the prize purchased. Ironically the people who have easy access to these items, don't view them in the same way we do. Reuters.com recently interviewed honchos of swanky companies and asked them to define 'luxury'. From the CEO of upscale department store Saks, to the co-founder of designer gown rental service Rent the Runway, the CEO of Swiss luxury watchmaker Parmigiani Fleurier, the answer was unanimous: time is the most 'limited edition' item today, making it the ultimate luxury.

The author is Editor, Cosmopolitan India

Senior Management Jobs brought to you by monster.com

Larsen & Toubro Limited
L&T IPM – Faculty Project Management
Location: Boroda/Chennai
Job ID: 13378538
Description: Tendering & Bidding, HRM & Strategy, Taxation & Legal Aspects, EHS. Industry exp of min 10 yrs & Academic exp of min 5 yrs. Candidates as Corporate Trainers in Project Management could also be considered.

Adecco India Private Limited
Head - Business Development
Location: Gurgaon
Job ID: 13737945
Description: Require candidate with ex in BD activities pertaining to Oil & Chemical/ Petrochemical Industry wi years of experience. Need to oversee B Development, sales & marketing operat achieve increased sales growth.

UnitedHealth Group
Sr. Manager - Regulatory Reporting
Location: Noida
Job ID: 13680882
Description: The prospective candidate will be part of a team supporting UHC Regulatory Accounting & Reporting.

LSI India Reaserch & Developmer Ltd.
Senior Design Engineer
Location: Bangalore
Job ID: 13631994
Description: This position will su LSI/3rd Party IP for Customer ASIC providing support to both the custom internal teams.

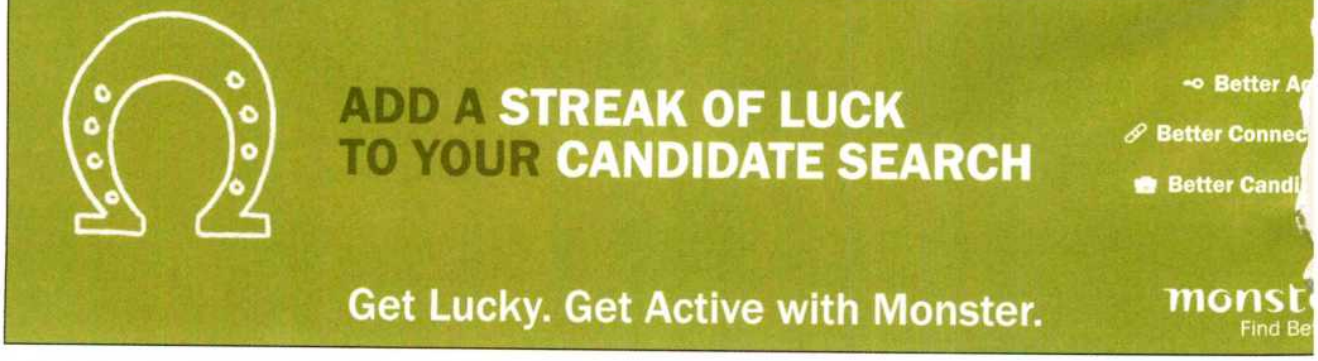
Cadila Pharmaceuticals Limited
Head OPERATIONS - CRO (PHARMA INDUSTRY)
Location: Ahmedabad
Job ID: 13713109
Description: To monitor corrective action relating to planning process and quality management system of departments.

eBay, Inc
Senior Architect
Location: Chennai
Job ID: 13269379
Description: The Applications Archi involved in all aspects of the project life from ideation through requirements a design and implementation.

R.S. Consultants
Senior Manager- Engineering
Location: Pune
Job ID: 13536817
Description: The senior manager would be responsible for team management, functional and technical management.

Ramboll India Private Limited
Senior Developer
Location: Hyderabad
Job ID: 13713574
Description: Own design and developr a small project or a large module in project end to end.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" bu



T Jobs brought to you by monster.com

UST Global
Selectica Lead
Location: Chennai, Thiruvananthapuram / Trivandrum,
Job ID: 13708602
Description: Chennai, Thiruvananthapuram / Trivandrum, 9-15 years: Minimum 5 year of Programmer / Developer experience in Selectica-CPQ technology.

Jean Martin System Pvt Ltd
Excellent Opportunity for UI Developer with 3+yrs of Experience.
Location: Chennai
Job ID: 13466029
Description: We are looking for UI Developer with 3+ experience and predominant work experience in HTML 5 developing with more than 1+ yrs.

Headstrong Services India Private Limited
Opportunities For Java Experts
Location: Mumbai / Bangalore
Job ID: 13736624
Description: 4-7 Yrs of Exp, Hands on development skills in Core Java, JSP/Servlets, Design Patterns, Frameworks, strong database knowledge. **Preferred Domain:** Capital Markets, Investment Banking.

Impetus Infotech India Pvt.Ltd.
Data Scientist
Location: Bangalore, Noida
Job ID:13624351
Description: Responsible for modeling and analysis of Big Data for mining the useful patterns relevant for business processes and developing 'Actionable Information Insights' solutions which will help businesses take informed decisions.

Cisco Systems India Private Limited
Java NMS Developers
Location: Bangalore
Job ID: 13769287
Description: Bangalore, 7-12 years: We are looking for individuals with extensive experience in designing and developing large complex software products in Java/J2ee, Design Patterns, JavaScript, Spring & Hibernate. Knowledge of NMS/EMS tools is a plus.

Allscripts
Business Analyst
Location: Pune
Job ID: 13547220
Description: LMS- SABA, software developer, SABA administration and support call handling.

Gebbs Software International Ltd.
DotNet Developer
Location: Mumbai
Job ID: 13532333
Description: Experience in NET 2008, C# , sql server 2005/2008.

Integreon Managed Solution India Pvt. Ltd.
Manager – Information Technology
Location: Noida
Job ID: 13684075
Description: Infrastructure (systems, network) – ensure system and network (voice and data) availability / performance according to established SLA's.

apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Available on the App Store

Better Access
Monster on mobile helps you find candidates anytime, anywhere

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster
Find Better.™

Sales and Marketing Jobs brought to you by monster.com

Ikya Human Capital Solutions Pvt. Ltd.
Key Account Manager
Location: Ahmedabad, Chennai
Job ID: 13753708
Description: Prospect and solicit Corporate Clients for Employee Benefit Solutions to achieve targeted sales.

Vmware Software India Pvt Ltd
Business Development Manager
Location: Delhi
Job ID: 13753032
Description: Responsible for selling complete VM ware solution, products, services within a list of geographically foc government, education and defense accou

2COMS Consulting Private Limited
Sr.Executive Marketing
Location: Bangalore, Pune
Job ID:13611956
Description: Institutional sales ,corporate sales and marketing explaining about the MBA Distance courses to the Corporate employees.

Acculogix Software Solutions Pvt. Ltd.
Business Development Executive
Location: Bangalore
Job ID: 13751025
Description: Professional work experier Sales and business development (ideal identifying the business potential of companies, converting them into clients Managing them as key accounts).

Deloitte Consulting India Private Limited
SM&BD - Marketing Analytics - Assistant Manager
Location: Hyderabad
Job ID: 13757779
Description: Mastery in SPSS/ SAS, MS-Excel (VBA, Macros), in developing reports and dashboards.

CRY-Child Rights and You
Manager -(Media Advocacy)
Location: Mumbai
Job ID: 13156185
Description: You should be a Graduate/ Graduate in Mass Communicatior Journalism with 5-7years experienc journalism or media advocacy.

Juniper Networks Inc.
Country Field Marketing Manager
Location: Bangalore, Delhi
Job ID:13521821
Description: Own the country assigned pipeline target for Enterprise and SP sectors.

MakeMyTrip.com
Online Marketing (SEO)
Location: Gurgaon
Job ID: 13651570
Description: To execute and manage sc engine optimization strategy of our webs

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" butto

BeKnown On Facebook
Better Connections
Connects people to Brands on the Most Active Social Network.
Http://apps.facebook.com/beknown
Better Acc
Better Conne
Better Candid
Get Lucky. Get Active with Monster.
monst Find Be

Finance Jobs brought to you by monster.com

Research In Motion
Senior Financial Analyst
Location: India
Job ID: 13515355
Description: Assisting in the preparation of the quarterly and annual operating plans.

Kelly Services India Private Limited
Assistant Manager - Record to report (R2R)
Location: Bangalore
Job ID: 13756406
Description: Looking out for CA passed out candidates with one year of experience in General accounting', 'General ledger', 'GL', 'R2R', 'Record to report', 'month end closing', 'closing & reporting', 'consolidation'.

Stryde Consulting Services Private Limited
Auditing & Compliance Position
Location: Chennai, Delhi
Job ID: 13711187
Description: Candidate with good auditing experience and excellent communication skills.

GlobalHunt India Private Limited
GM - Finance
Location: Bangalore
Job ID: 13750011
Description: Ensuring financial reporting in compliance with local GAAP and IFRS and also regulatory requirements.

Symphony Teleca Corporation India Private Limited
Assistant Manager/ Manager
Location: Bangalore
Job ID: 12293195
Description: Responsible R2R – General Accounting day to day process related activities.

NCR Corporation India Pvt. Ltd.
Accounting Analyst
Location: Bangalore
Job ID: 13642011
Description: Bachelor"s Degree in Accounting, Finance, or other related Business discipline.

ABC Consultants Private Limited
Statutory Audit Professionals
Location: Chennai
Job ID: 13561419
Description: Responsible for carrying out the Statutory Audit as per Indian GAAP,US GAAP, IFRS Audit, Quarterly reviews of listed clients and unlisted clients in accordance with SEBI Guidelines and Tax Audit as per Income Tax Act.

WNS Global Services Pvt. Ltd.
Account General Ledger Process
Location: Pune
Job ID: 13532462
Description: Graduates with 1 year experience in General Ledger BPO would be an added advantage.

To apply for above jobs logon to www.monster.com >> Type the Job ID in the "Search Jobs" box >> And click the "Go" button.

Better Candidates
With Monster's extensive database and advanced technology, finding the right candidate is easy

Better Access
Better Connections
Better Candidates

Get Lucky. Get Active with Monster.

monster
Find Better.™

COLUMN: **Dan Ariely**

MORE THAN A PEACOCK'S TAIL

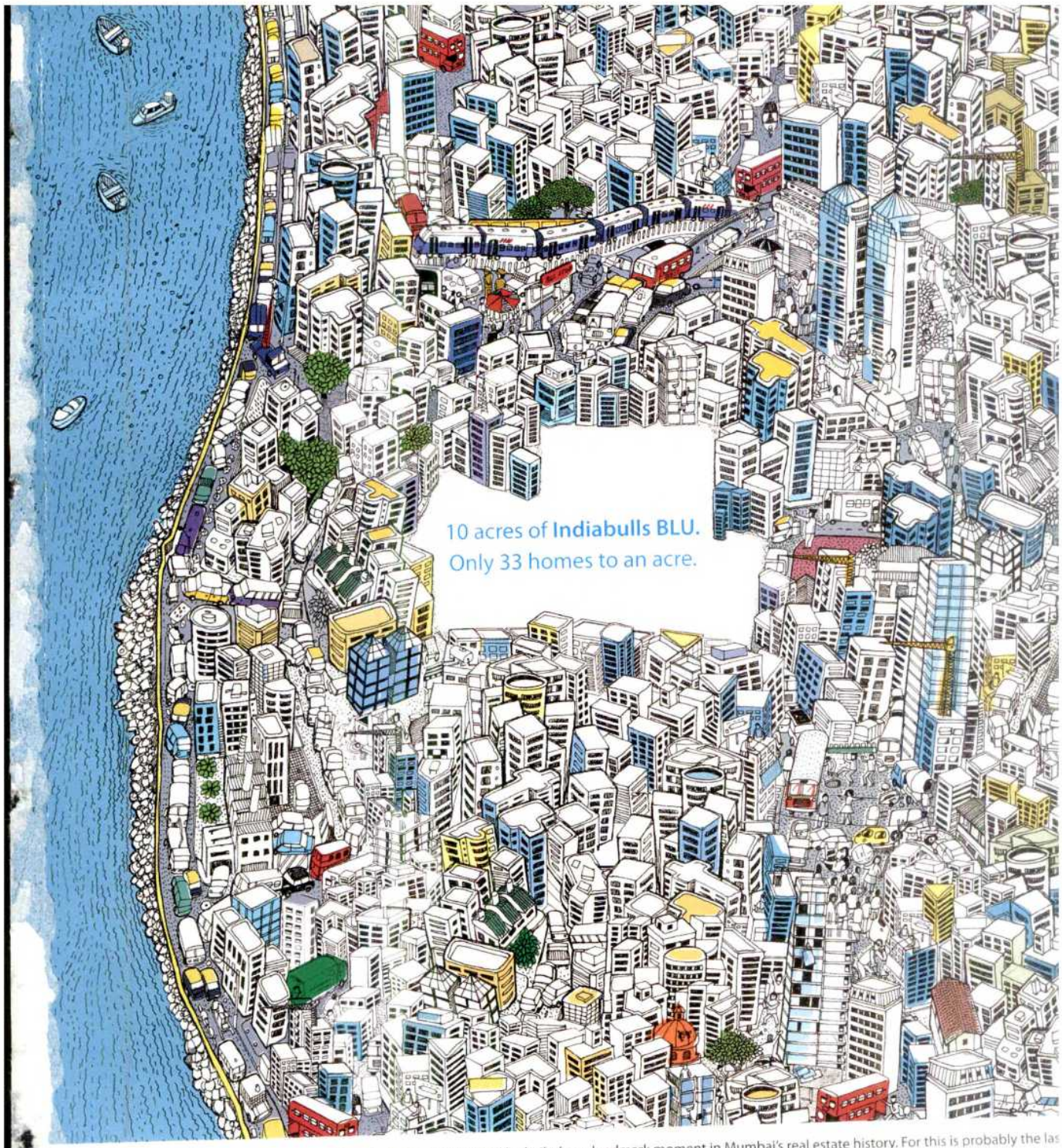
There are many aspects to the psychology of luxury. But for me, one of the most interesting lessons relating to it came after I gave a lecture at *Harper's Bazaar*, the women's magazine. I spoke to a group of very nice people who were deep into the fashion world, which was completely new and foreign to me. At the end of my talk, Valerie Salembier, the publisher of the magazine at that time, came to me, thanked me and gave me a big Prada bag.

The conference was over, and I was walking around in New York city with this big Prada bag. I kept thinking to myself, what should I do with the Prada sign? Should I have it facing out to the world, to signal to people that I have a Prada bag? Or should I turn it around? The logo would face my thigh, and I would be the only one knowing I was wearing a Prada bag. I decided to turn it around and have it against my leg, and kept walking. To my amazement, I was feeling differently. I felt I was wearing Prada. I'm not a high fashion-minded person, or at least I didn't think of myself as one. But nevertheless, I felt different.

So I started thinking, what would happen if I was wearing other things that nobody would know? What would happen if I was wearing Ferrari underwear? Would I feel somehow more energetic? And it struck me that maybe, there is an interesting distinction in luxury, which has to do with what you call 'external and internal signalling'. External signalling is what we all know – it is what we communicate to other people through what we wear. We all know, for example, how to rank order cars in terms of luxury – maybe Ferrari, Porsche, Mercedes, Audi, BMW, Toyota and so on. And when people drive particular cars, they signal to others what their taste is, who they are and what they can afford. This is similar to the tail of the peacock, which communicates what the peacock is capable of.

That is an important, but only one version of signalling. But another version perhaps is internal signalling. Perhaps when we wear something, even if nobody else knows, we say something to ourselves that makes us feel differently about who we are. So maybe if we drink a luxurious brand of coffee or wear a particularly fancy piece of underwear, or have a particular watch or bracelet that nobody knows anything about, it makes us feel that we are different. And maybe we should think about signalling as fulfilling both those functions – what we tell the world about who we are, and what we tell ourselves about who we are. And we need to understand both those aspects, if we ever want to understand the true and interesting complexity of luxury.

The author is Professor of Psychology and Behavioral Economics at Duke University, founder of the Centre for Advanced Hindsight, and author of Predictably Irrational *and* The Upside of Irrationality



Decades from now, this will be hailed as a landmark moment in Mumbai's real estate history. For this is probably the las final time a project of this size, scale and significance comes up in swanky South Mumbai.

- *Iconic architecture*
- *Glass façade*
- *4 acre manicured green lawn*
- *Stunning sea and race course views*
- *Private jogging track*
- *Private walking track*
- *Movie theatre*
- *Virtual games and golf simulator*
- *Kids play areas*
- *Swimming pool complex*
- *Pool side café*
- *Hydrotherapy pool*
- *Indoor heated swimming pool*
- *Championship size football field*
- *Two squash courts*
- *Basketball courts*
- *Two indoor badminton courts*
- *Tennis courts*
- *Two cricket pitches*
- *Billiards and pool room*
- *Spa with separate gentlemen's and ladies' saunas*
- *State of the art gymnasium*
- *Locker rooms*
- *Grand atrium*
- *Built-in wine coolers*
- *Full concierge service*
- *Lavish interiors*
- *Luxurious 5 fixtures bathrooms*
- *Fully integrated high-tech kitchens*
- *Meeting space*
- *Full maintenance and service available*
- *Inspirational lighting design*
- *Rain shower with body jets*
- *Sophisticated 24 hours secur*
- *Extensive wiring and provisi for audio visuals*
- *24 hour valet and cleaning s*
- *Exceptional collection of scu*

Construction by Shapoorji Pallonji
Plans approved by BMC • Environment clearance received
No Public Parking FSI • New DCR • Construction in full swing

Contact us on 022 – 67304911 for an appointment.
Visit the Sales Lounge at
Indiabulls Worli, 132, Worli Circle, Mumbai.

Super Luxury Residential Complex in One Indiabulls Worli

Blu
A home like no

Only. The information and material contained in this advertisement are for reference only and the same are subject to change without notice. ... implied or statutory in this regard.

CALCUTTA UNIVERSITY CENTRAL LIBRARY

Bangalore: Ethos Summit, tel: 080 41130611/12 **Chennai:** The Helvetica, tel: 044 28464096/97
Kolkata: Exclusive Lines, tel: 033 22820626 **Hyderabad:** Meena Jewellers, tel: 040 23237170
New Delhi: Johnson Watch Co, Connaught Place, tel: 011 41513110/41513121 – Johnson Watch Co, South Extn, tel: 011 24642299/41646
BREGUET INDIA - NEW DELHI